

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Friday March 11 1983

Chirac as conqueror  
of Paris scents  
victory, Page 2



Asia	Sch 15	Indonesia	Rp 1600	Philippines	Per 20
Bahamas	Dm 0.650	Italy	Lira 1100	Portugal	Esc 55
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## NEWS SUMMARY

### GENERAL

#### Walesa warns of hard line by unions

Solidarity trade union leader Lech Walesa said he and his followers would organise demonstrations, hunger strikes and labour strikes to win the release of jailed union members in Poland.

His interview with West German television marked a hardening of his relationship with the Polish government.

"What is there to talk about or negotiate when there are arrests and convictions?" he asked, saying the Government was "dishonest".

**Nkomo family held**

Zimbabwe police detained Joshua Nkomo's wife, son-in-law and daughter for questioning after the Opposition leader fled to Botswana to seek asylum. Page 4

**Lima clashes**

Three were shot dead and four injured by Peruvian police when a crowd attacked a bus on the outskirts of Lima, during a 24-hour protest strike which shut half the capital's factories and prompted a state of emergency. Page 5

**Miners vote 'no'**

British miners voted 3-2 against a strike over pit closures, a sharp rebuff to militant union leader Arthur Scargill. Page 20

**Malaysian appeal**

Malaysian Cabinet Minister Datuk Mohd Haniffah served notice of appeal against a death sentence for murdering a rival politician.

**Bank staff strike**

Many Portuguese banks stayed shut as employees joined public service pay strikes. The Government said higher pay would bring price rises and redundancies.

**Iranian flies home**

A Düsseldorf court sentenced former Iranian Premier Sadeq Tabataba'i to three years' jail for drug smuggling, hours after he flew back to Iran.

**Hawke picks Cabinet**

New Australian Premier Bob Hawke named his Cabinet. His predecessor as Labor Party leader, Bill Hayden, becomes Foreign Minister.

**U.S. 'spy' claim**

The Soviet Union declared U.S. diplomat Richard Osborne persona non grata, saying the KGB caught him using radio equipment for spying in Moscow.

**Reagan aid call**

President Reagan asked Congress for \$280m in aid for Central America, including \$110m in military funds for El Salvador, to stop "the advance of communism". Page 5

**Greens warned**

West Germany's Greens party will be banned from key parliamentary committees if it does not promise secrecy, Bundestag president Richard Stroecken warned.

**Release denied**

China denied reports that it would free painter Li Shuang, fiancée of a French diplomat, from detention.

**Briefly**

Subarto was re-elected Indonesian President for a fourth term.  
Cairo house collapse killed nine.  
Pope John Paul returned to Rome after a Central American tour.  
Libyan hit-squad may be heading for Britain, to kill dissidents, Amnesty International warned.

### BUSINESS

#### Shell in fourth quarter upsurge

ROYAL DUTCH/HELL Group, oil company, raised fourth-quarter net income by over 61 per cent, to £748m (\$1,138m), boosting 1982 net profit to £1,933m, up 54m, well ahead of forecasts. Page 20 and Lex; Details, Page 24

● LONDON: FT Industrial Ordinary Index closed a record 670.2, up 5.3. Gilt improved on sterling's more stable trend. Page 31, FT Share Information Service, Pages 36, 37

● WALL STREET: Dow Jones index closed 1170 down at 1120.94. Page 31. Full share listings, Pages 32-34

● TOKYO: Nikkei Dow index added 19.39 at 8,027.84. Stock Exchange index rose 1.69 to 591.23. Page 31, 34

● FRANKFURT: Commerzbank index advanced 13.7 to 847.2. Page 31, 34

● HONG KONG: Hang Seng index climbed 20.31 to 1,823.81. Page 31, 34

● AUSTRALIA: all-share index was 511.4, down 5.3. Page 31, 34

● DOLLAR weakened to DM 2.3915 (DM 2.407), SwFr 2.05 (SwFr 2.061) and Y237 (Y237.5). Its Bank of England index was 120.8 (121). Page 36

● STERLING improved 1.85c to £1512 and was up at DM 3.5175 (DM 3.515), SwFr 3.1025 (SwFr 3.095), FFf 10.49 (FFf 10.32) and Y238.7 (Y237). Its trade weighting was 79.5 (79.5). Page 36

● GOLD rose \$10 to \$435 in London. In Frankfurt it was \$425 up at \$435 and in Zurich \$9 up at \$435.5. Page 35

● HOECHST, West German chemical company, saw pre-tax profit fall for the third year, and plans to cut its dividend. Page 21

● K MART and DAYTON HUDSON, U.S. retailers, both lifted profits last year after sharply higher fourth-quarter earnings. Page 21

● EAST ASIATIC Company of Denmark reported a group net loss of Dkr 255m (\$29.45m) for 1982, against Dkr 281m, and again passed the dividend. Page 21

● WORLD TRADE volume fell 2 per cent last year, to the 1979 level. Volume in the agriculture sector rose 1 per cent. Page 6

● DUTCH government was urged to seek ways of cutting public spending by £1.75bn (\$2.8bn) by the end of 1984. Page 20

● BRITAIN has attracted by far the biggest share of direct overseas investment in the European Community, a report said. Page 7

● OPEC's share of the world oil market dropped by a fifth to below 35 per cent in the last three months. Page 2

● AUSTRALIA had a record A\$1,066m (U.S.\$1.1bn) balance of payments deficit last month after five consecutive monthly surpluses. Page 2

● LASMO, independent UK oil company, launched a one-for-three rights issue worth over £45m (\$68m). Page 25; Lex, Page 20

● MIDLAND BANK of the UK reported a 9 per cent rise in pre-tax profit for 1982, to £251.4m (\$380m), much better than expected. Page 24; Lex, Page 20

## Opec formula for prices will fall apart, claims BP

BY RAY DAFTER AND RICHARD JOHNS IN LONDON

British Petroleum, one of the world's leading oil traders, warned last night that the oil pricing formula expected to be agreed by the Organisation of Petroleum Exporting Countries was likely to fall apart.

The company said there was a "dangerous state of false optimism" that price levels based on \$20 a barrel for Saudi Arabian light crude and \$30 for Nigerian Bonny light oil would be accepted as viable and stable within the oil market. "It simply cannot be," BP said last night.

The warning served to emphasise that the state-owned British National Oil Corporation (BNOC), the main trader of UK oil, would find it difficult to obtain full agreement for a pricing structure which aligns North Sea prices with those proposed by Opec. This, in turn, could jeopardise any Opec agreement.

Ministers from the 13-member organisation, meeting in London, were last night still trying to conclude a package deal covering prices and production.

Sr Humberto Calderin Berti, the Venezuelan Minister of Mines and Hydrocarbons, said that a "general understanding" had been reached on a new pricing system involving a basic cut of \$5 a barrel from the present official level of \$34 a barrel for Saudi light crude.

It is understood that the ministers plan to set the price of Nigerian

Oil prices \$ per barrel	Existing	Suggested
Saudi Arabian	34.00	29.00
Nigerian Bonny Light	30.00	25.00
North Sea Forties	33.50	35.50

Figures under discussion by Opec ministers  
\* Cut from \$35.50 effective Feb 1  
† Proposed price, backdated to Feb 1, not yet fully accepted by Opec customers.

Bonny light crude at \$30 and the price of similar grade Libyan and Algerian oil at \$30.50.

But BP said that the pricing formula did not reflect the correct differentials between the grades of crudes.

Nigeria's oil should be between \$22.5 and \$25.0 a barrel more expensive than Saudi Arabia's oil, given the value of products that could be refined from the crudes.

On the same basis North Sea oil should cost about \$1.50 a barrel more than Saudi oil and 75 cents - \$1 a barrel less than Nigerian crude.

BP's statement, which is likely to throw a spanner into Opec's already

tortuous negotiations, is made when both the UK Government and BNOC are anxious not to be seen "rocking the boat."

But BP, like several other North Sea companies, is concerned that it may lose customers to producers aligning themselves with the Nigerian price.

Nigeria has taken an aggressive pricing stance in its bid to recapture trade, saying that it would be willing to undercut any new North Sea price. Nigerian officials argue that in current market conditions the value of its Bonny Light oil is almost comparable with North Sea crude.

BNOC said, however, that about half of its customers, had accepted its pricing recommendation, backdated to February 1. It is thought that these companies include Esso, Shell's exploration partner in the North Sea.

Within Opec, ministers appear to have been confronted with a new obstacle to a production sharing pact. Saudi Arabia is thought to be insisting on an output quota of no less than 5m barrels a day as part of a total Opec package involving an average production of 17.5m b/d.

## Renault looks to state for 12% of spending

BY KENNETH GOODING IN GENEVA AND PAUL BETTS IN PARIS

RENAULT said yesterday that the French Government would contribute 10 to 12 per cent of its capital expenditure, which is expected to total FFf 28.5bn (\$4.2bn) over the three years 1983-85.

Announcing the investment plans at the Geneva motor show, Mr Bernard Hanon, president, said that Renault was making a major effort to update its car and truck range and its vehicle plants.

Its capital expenditure is running at the very high level of about FFf 8bn (\$1.2bn) a year. The group was unlikely to earn enough to cover this outlay, Mr Hanon said. This year Renault has received FFf 1.65bn from the French Government, split into a FFf 1bn capital injection and a FFf 650m loan.

The state-owned motor group also announced yesterday that from the end of this year, it would no longer export to the U.S. its R-5 model, which has been sold there since 1976 as "Le Car".

Renault, which owns 46.4 per cent of American Motors Corporation (AMC), the number four U.S. car

maker, said in Paris that it was planning to concentrate its main U.S. efforts on the Alliance, the U.S. model of the Renault 9 produced by AMC, and later this year on the launching of the U.S. model of the imminent Renault 11 to be introduced in the European market next month.

In Geneva, Mr Hanon said Renault's immediate priority was to consolidate and hold its 14 per cent share of the European car market in the face of intensifying competition. For example, General Motors, the world's largest motor vehicle group, recently brought a new Spanish small car plant into operation which will make 250,000 a year. GM hopes that this will help to lift its market share in Europe from 9.6 to 11 per cent by 1985.

If Renault holds its European position it can achieve its aim of lifting its world car market share from 6.5 per cent at the end of 1982 to 7 per cent by the end of 1985, and its vehicle output from just under 2m last year to 2.5m.

According to M Pierre Tiberghien, head of Renault's car division, the group will concentrate this year on doing better in Mexico as well as consolidating its position in Portugal where the group already has a 50 per cent car market share.

Renault's car business is expected to be profitable in 1983 after two loss-making years. But Mr Hanon indicated that the truck operations would probably not become profitable before the end of 1985.

Renault recently agreed to acquire the 50 per cent it does not already own of Carrier Motors, the former Dodge truck company in the UK, from its French rival, Peugeot. Mr Hanon said his company was also studying the possibility of buying out the 50 per cent Peugeot stake in Dodge trucks, Spain.

The decision by the French car company to halt the export of its R-5 to the U.S. marks a landmark of sorts in that the R-5 or "Le Car" was the car Renault chose to launch its name and presence on the American market. While the sales perfor-

Continued on Page 20

## STC aviation deal aims at US

BY RAYMOND SNOODY AND GUY DE JONQUIERES IN LONDON

STANDARD Telephones and Cables (STC) is to buy International Aeradio (IAL), British Airways' high-technology subsidiary, for almost £30m (\$50m).

STC, 35 per cent of which is owned by International Telephone and Telegraph (ITT) of the U.S., wants to get into the U.S. market. Last October ITT reduced its stake from 85 per cent by selling shares.

STC is expected to finance the deal, which is an agreed bid, partly from the proceeds of a planned shares sale. A formal announcement is due today. At the end of last year its net cash balances exceeded £30m.

STC, one of Britain's leading telecommunications equipment manufacturers, has been seeking for months to make a sizeable acquisition to expand its interests in advanced technology.

IAL, which has been consistently profitable since it was founded in 1947, specialises in computer and aviation services, particularly in the communications field. It also manages airports in the Third World and, through a subsidiary, manages hospitals in the Middle East.

Last July it announced a record annual profit of £3.3m (\$5.35m), up from £3.3m the previous year, on turnover of £91.6m (£63.6m).

The deal is BA's first major asset sale and the proceeds will be used to reduce its debt in preparation for planned privatisation. It results from a semi-secret tendering process organised by S. G. Warburg, the merchant bank, on instructions from Trade Secretary Lord Cockfield.

The Government is understood to have wanted to avoid floating the

company on the Stock Exchange after criticism over the way in which last year's sale of shares in Amersham International was handled.

STC said yesterday it planned to step up overseas sales of telecommunications terminals and subscriber equipment, and was looking closely at the U.S.

Firm decisions on strategy will not be taken until the end of this year but STC plans to appoint a permanent U.S. representative soon and increase marketing expenditure to about 8 per cent of sales from 2 per cent previously.

Initially, STC hopes to sell in the U.S. through distributors and telephone operating companies but does not rule out manufacturing there eventually. The company recently received a U.S. order for 200,000 paging devices.

## Volcker future worries Wall St

By Anatole Kaletsky in Washington

CONCERN is growing in Wall Street that Mr Paul Volcker may not be reappointed as chairman of the U.S. Federal Reserve Board when his current term expires in August.

The final decision on Mr Volcker's reappointment, which is in the hands of President Ronald Reagan, will be taken at the highest political level on the advice of Mr James Baker, the White House chief of staff and Mr Edwin Meese, the presidential

economic adviser. But the Fed chairmanship could also be a factor in an intensifying feud among the president's economic advisers, between the "pragmatists", led by Mr Martin Feldstein, the chairman of the council of economic advisers, and the "hard-line monetarists", who include Mr Beryl Sprinkel, the treasury under-secretary for monetary affairs and Mr Lawrence Kudlow, the chief economist at the office of management and budget.

The monetarists, who have been extremely critical of Mr Volcker's handling of monetary policy in the past two years, have been silenced in recent months because of the president's overriding desire for a reduction in interest rates and an economic recovery. Their warnings that rapid growth in the money supply in the second half of last year would produce a sharp, but ultimately inflationary, recovery were overruled by Mr Feldstein, a strong supporter of the Fed's approach, who persuaded the President that only a weak recovery was in sight.

The Fed's critics now see the opportunity to regain their influence as the signs multiply that the economy is recovering more rapidly than Mr Feldstein predicted. In Wall Street the minority of economists who rely on strictly monetarist forecasts are also becoming more vocal in their criticisms of the Fed and concern about future inflation is intensifying, despite the good news about falling oil prices.

Mr Volcker has been responding to this pressure in the past few days with promises that the Fed will continue to pay close attention to the growth of the money supply. At the same time he has been drawing attention to the favourable outlook in inflation and wage settlements. He

Continued on Page 20

## Moody's cuts ratings on all AT&T debt

BY PAUL TAYLOR IN NEW YORK

MOODY'S Investors Service, the U.S. credit rating agency, yesterday surprised Wall Street and angered American Telephone and Telegraph (AT & T), by downgrading the credit ratings on all the U.S. telecommunications giant's \$47bn debt issues.

The decision which reflects the agency's evaluation of the impact of the planned divestiture of the Bell System companies, plunged the U.S. corporate bond markets into confusion. Bell System debt issues are widely held and represent up to 10 per cent of the total U.S. corporate bond market, according to Moody's.

In early trading, bond prices of AT & T and its subsidiaries were down by between one and two points as investors reacted to the rating change, the rest of the corporate bond market was down a quarter to half a point.

Moody's said it was assigning new ratings to all debt issues of AT & T and all its 24 Bell System operating units and affiliates. The rating changes mean that AT & T's rating has been lowered from triple A1 to double A1 and lower ratings have been assigned for many of the company's soon-to-be divested operating units. All commercial paper ratings remain unchanged.

Mr Thomas McGuire, Moody's executive vice-president and director of the agency's corporate department, explaining the decision, said: "From the perspective of credit quality, the break-up of the Bell System must be viewed negatively. The sum of the parts will not equal the whole. For different reasons, and in different degrees, the business risk in each of the parts will rise with divestiture."

Moody's added: "Essentially, you have the largest regulated monopoly being broken up around it. The break-up changes the relative quality of the components."

Mr McGuire said the rating decision was triggered by the prospect of a new debt issue to be sold by one of the operating companies. He said the agency wanted to present investors with a complete evaluation of the Bell System before they had to make a purchase decision on the new bonds.

AT & T said it could not comment on the possibility of a new debt issue because the company did not "pre-announce any debt issues."

However, the company responded angrily to the decision. Mr William Cashel, AT & T's vice-chairman and chief financial officer, said the downgrading "are harsh ratings which are not borne out by the facts."

Continued on Page 20

## Pym faces French hurdles over rebate

BY JOHN WYLES IN BRUSSELS

MR Francis Pym, the UK Foreign Secretary, will have to fight again at the European Community foreign ministers' meeting in Brussels on Monday to ensure that Britain receives its £490m (\$735m) EEC budget rebate by the end of the month.

French officials have succeeded in erecting a series of complicated technical hurdles which have prevented adoption of the legal regulations releasing the rebate to the UK and also an EEC reimbursement to West Germany.

The British were promised last May that they would receive most of the 1982 rebate during the financial year ending on March 31. After numerous setbacks, payment seemed to be assured when it was authorised by the European Parliament last month.

Now, however, the foreign ministers will have to grapple with the problem again. If they fail to find a solution, payment under the agreed timetable would be unlikely and London would again be at loggerheads with Paris on the budget issue.

British officials remain optimistic, believing that the French filibuster owes more to the zeal of its diplomats than to a deliberate political attempt to torpedo the agreement.

Other delegations, however, are less sure, and fear that Paris may be trying to ferment a fresh budget row as a prelude to the difficult negotiations which will get under way in May on measures to increase the financing of the Community.

French tactics this month have made it impossible for the UK to persuade other member-states to

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## EUROPEAN NEWS

David Housego joins Jacques Chirac on the campaign trail in Eastern France

### 'Conqueror of Paris' scents smell of victory

IN BELFORT in Eastern France, they welcomed him as "former and new mayor of Paris" in nearby Besancon as "conqueror of Paris." For a politician like M. Jacques Chirac, with a lust for the campaign trail like a bull fighter, there is nothing sweeter than the moment of triumph. In sports jacket and with sleek smile he raised his arms and the crowds thundered back: "Chirac, Chirac."

M. Chirac has the smell of victory in his nostrils. In last Sunday's first round of the municipal elections, his neo-Gaullist RPR plucked the flower of the 16 municipalities that fell to the opposition. In Paris he scored a personal triumph in carrying 18 of the capital's 20 districts.

He is quietly confident that Sunday's second round will amplify the opposition's success—thus delivering another humiliating blow to the Government and furthering his own claims to the Presidency. In the second round M. Valéry Giscard d'Estaing, the former President, and M. Raymond Barre his ex-Prime Minister, have virtually abdicated the campaigning to him.

M. Chirac had chosen to open the second round campaign at Belfort, the seemingly undisputed fief until last Sunday of M. Jean-Pierre Chevènement, the Minister of Industry. M. Chirac was last there for the second round of the Presidential election in May 1981, when about 1,000 people came to hear him.

On Wednesday night, 3,000 packed the hall to overflowing—mostly tradesmen, salaried

employees, people of modest means who hated the arrogance of President Giscard, but who seem to dislike Socialism even more.

They have a particular aversion to Socialists like M. Chevènement—born in the town but considered an outsider—as a "theoretician," an "extremist of the party," an "intellectual who shops in Paris boutiques." He was roasted in Sunday's vote, polling only 40 per cent, compared with the 59 per cent he scored in the legislative elections in June 1981. His fate now depends on the ecologists who gathered 8 per cent of the vote in the first round and on those who abstained.

The local opposition candidates attack M. Chevènement personally but M. Chirac feels no need to do that. He has a well-rehearsed campaign speech in which he spits out his denunciation of the "Socialist-Communist" regime and takes his audience through the failures of economic management, the growing burden of debt, the risk to national independence and the infiltration of Communists into the Administration.

The new element since Sunday is that the Right now has a majority in the country—not just a bare majority. M. Chirac tells his audience, which could be dismissed as being of no real importance, but a substantial majority of seven per cent points in the larger cities. Last Sunday's vote, he repeats amid cheers, must thus be taken by the Government "as a solemn warning."

It is a phrase thick with meaning in a country like

France with a history of street violence. M. Chirac is quick to add that he is not challenging the institutions of the Fifth Republic. But at the very least he means that the Government must take note of the opposition's hostility to changes in the status of religious "free" schools.

The vote this Sunday could change the political horizon in France and it is clear that M. Chirac is studying his options. He believes that President François Mitterrand is trapped in a corner from which escape is difficult. In economic terms, France needs to go through a sharp period of disinflation to plug its external and budget deficits which would involve a decline in living standards.

But M. Mitterrand cannot go too far down that road without alienating the Communists and the radical Left. Thus the economy will get slowly worse, producing political frustrations. M. Chirac has not forgotten the demonstrations of 1968.

M. Chirac would welcome the legislative elections of 1986 being brought forward but he is not going to demand that publicly. Nonetheless he thinks that M. Mitterrand—who has ruled out early legislative elections—could be forced to call them. If the opposition won them, it would mean that the Presidency and the National Assembly would be at odds—a situation which has so far not occurred under the Fifth Republic.

M. Chirac knows that he will be treading a razor's edge. He has impatient followers who would like to go much faster. The election has shown the growing power of fringe groups on the right—both "Poujadist" type movements and racist groups that have sprung up in the large cities.

M. Chirac has a record of restraint, both over race and also over discouraging his followers from violence. But he also recalls how quickly General de Gaulle restored confidence after 1968 and put the economy to rights.

At Belfort and Besancon, M. Chirac took up the theme that Paris—where last Sunday cast 27 per cent of its votes for the Left and 63 per cent for the opposition—had been a political trail blazer for the rest of France. M. Chirac obviously

hopes that it will set the trend again.

His control of the capital with its 2.3m people, budget of FF14bn (£1.5bn) and international status through the city has given him an enormous edge over his two rivals in the opposition, M. Barre and M. Giscard. They have neither such a power base nor a party as well organised as the RPR behind them.

In character he could not be less like them. He is warm, approachable, an extrovert who lives through the electricity of crowds and politics. He is not a reflective man, nor a generator of ideas—it is often said against him that he picks up his opinions from the last person he met. He has gregarious stamata, brittle nerves and a hefty appetite.

M. Chirac does not believe that the personal quarrel between the opposition leaders is important. That is almost certainly wishful thinking. The three could not even agree to preside together over a joint meeting in Lyon this week. M. Barre seems to think that M. Chirac, his predecessor as Prime Minister, is a lightweight and an adventurer. M. Giscard can never forgive M. Chirac for running against him as Presidential candidate in 1981—probably can a great many of the Right who thought it an act of treason that let in the Socialists.

The fact that the opposition cannot agree on leadership or on a common programme is probably the Government's greatest asset in the inevitably difficult period that lies ahead.

### Sweden's blue-collar unions to call strikes today

BY OUR STOCKHOLM CORRESPONDENT

SWEDEN'S Landsorganisation (LO), representing 22 blue-collar unions, said it would call strikes in nine key industrial areas today in the latest development in this year's troubled round of central wage negotiations.

The move comes after a Government commission said it had been unable to bring together the two sides in the dispute. SAF, the employers' federation, had rejected the commission's last wage proposal because it included guarantees sought by the LO on compen-

sation for "wage drift," the extra increases that other unions might be able to achieve at local level.

The strike is expected directly to involve some 12,000 employees, including those in the export-intensive forest industry. Wholesale deliveries and retail foodstuff stocks may also be affected.

The action will also have an indirect impact in other key areas such as automobile production, where the higher-paid metalworkers' union has already reached an agreement—which

does not include wage drift compensation—with its counterpart employers' federation.

Chemical and transport workers taking part in today's strike have vowed to suspend industrial gas and other deliveries to those industries.

At issue is the payment of wage drift compensation to relatively lower-paid blue-collar workers if the national pay average exceeds the figures agreed in central talks.

SAF is trying to eliminate the payment this year because of its inflationary impact

Earlier this week, about 500,000 public service employees began a ban on overtime which has slowed domestic air and rail transport and affected local public transport and other services in larger cities.

The public service employees had been unable to agree a wage package which would give them increases along the same lines as the private sector.

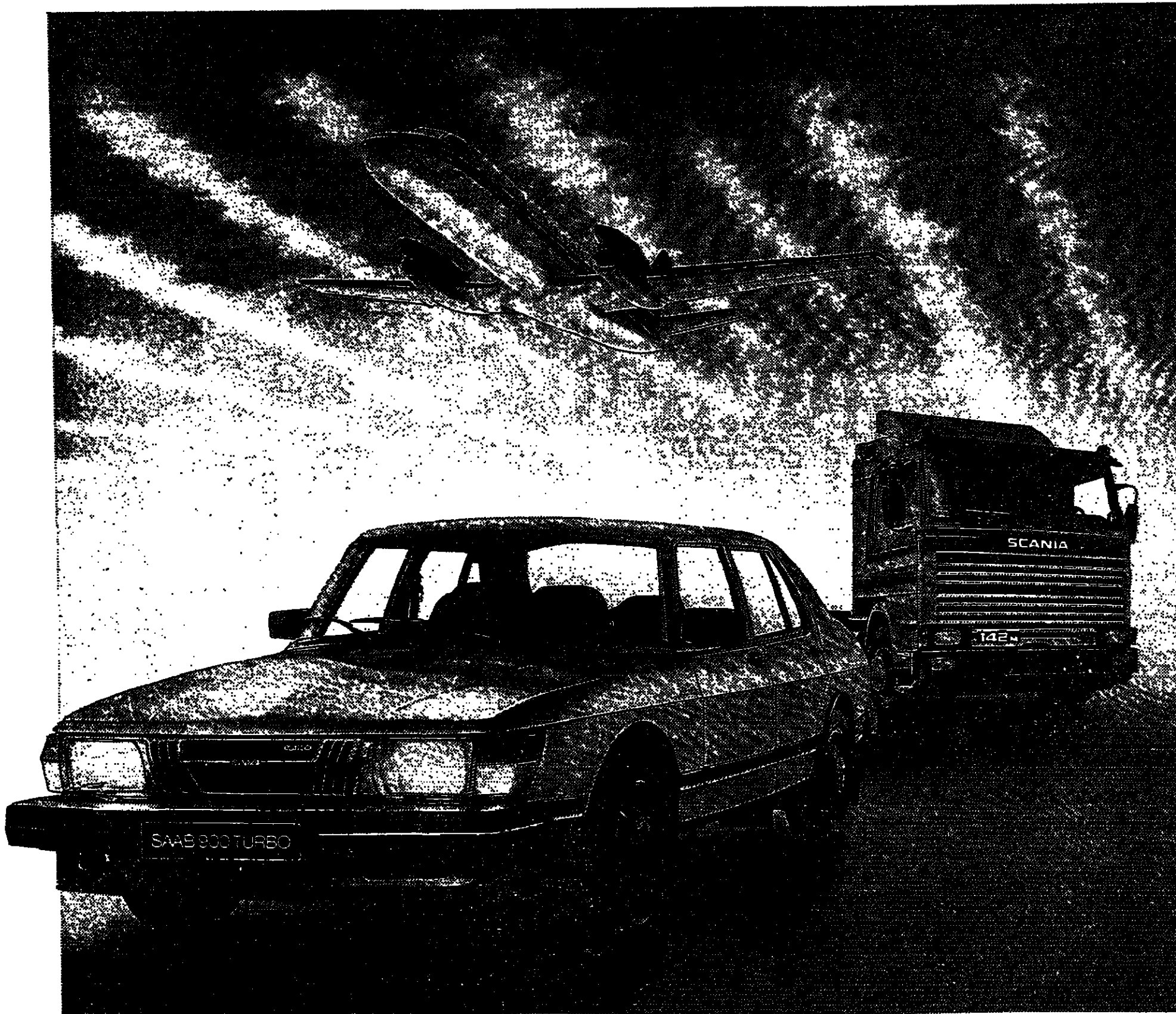
The Government has publicly taken a "wait and see" attitude on the disputes and is said to be hoping the current strike can be limited to several days.

Sweden's central bank yesterday lowered its penalty rate for banks borrowing from it to 11 per cent from 12 per cent and brought down the threshold for cash borrowing from 75 to 25 per cent of bank capital.

The Riksbank lowered the cash reserve requirement from 2 to 1 per cent, effective Monday, and is expected to release between SKr3.5bn (£311m) and SKr4.4bn.

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## It's what's behind our cars that keeps them in front.



In 1977 Saab's introduction of the world's first turbo-charged production car was arguably the most important motoring breakthrough of the decade: certainly it was a lead that other manufacturers did their utmost to follow. Today, with the arrival of the revolutionary Automatic Performance Control system, the Saab Turbo is once again unique: the first turbo to use a micro-computer to achieve an even more impressive combination of power and economy.

To understand how a relatively small car-maker has consistently stayed ahead of much bigger rivals, Saab has to be seen in context, as part of a unique 'family'. The Saab-Scania Group has a clear philosophy: we concentrate and specialise. Within carefully selected areas we channel all our resources into developing technologically advanced products that can out-perform the competition.

Scania trucks, for example, have brought a new flexibility to the world of heavy transportation. Intelligent modular design makes them almost infinitely adaptable to different client's needs.

In the air too, Saab-Scania aircraft leads the way with the Saab-Fairchild 340—a quieter, more fuel-efficient 34 passenger turbo-prop, designed for the rapidly growing regional and feeder traffic market.

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## EUROPEAN NEWS

### Yugoslavia raises loan terms objections

By Peter Montagnon, Euromarkets Correspondent

YUGOSLAVIA has raised several objections to the terms of a \$2bn loan package proposed on Wednesday by a group of leading creditor banks as part of international efforts to help it through its current balance of payments problems.

The objections were raised at a meeting in London yesterday between the banks and a top Yugoslav delegation led by Mr Gavra Popovic, chairman of the country's debt co-ordinating committee.

At the meeting Mr Popovic gave the banks a preliminary reaction to the proposals which call for the \$2bn to be raised over five years in the name of the Yugoslav National Bank and Federal Republic.

In addition, Yugoslavia would have to guarantee the extension for two years of short-term bank lines totalling a further \$2bn which were outstanding to its commercial banking system on January 17.

Yugoslavia claims that it would be unconstitutional for it to agree to a borrowing structure in this way. A particular problem is the requested involvement of the federal Government which is not able to borrow internationally. For it to do so would require time-consuming new legislation that might be politically difficult given Yugoslavia's structure as a decentralised federal republic.

The Yugoslav delegation now plans to return to Belgrade and give a more considered answer to the banks shortly, but there was little sign yesterday that creditor banks are prepared to drop their requirement for a central government involvement in the borrowing.

Foreign borrowing traditionally has been the domain of commercial banks in individual republics whose independence is being challenged by the Western banks' proposals.

Yugoslavia is also believed to have told the banks that the margins proposed for the medium-term borrowing—1½ per cent over London Euro-currency rates or 1½ per cent over U.S. prime—are too high. The borrowing is intended to refinance some \$1.5bn-\$1.6bn of maturing loans, as well as provide \$800m in new money.

The banks' proposals form part of the multi-billion dollar debt rescue scheme that also includes a drawing of some \$600m from the International Monetary Fund, \$1.3bn from Western governments, \$500m from the Bank for International Settlements and \$250m from the World Bank.

### UK sees chance of chemical arms ban

By Stephanie Gray

BRITAIN BELIEVES a convention to outlaw chemical weapons is within grasp, despite "disappointingly slow" progress at the United Nations disarmament talks in Geneva.

Signs of flexibility in the past few weeks by the U.S. and the Soviet Union has persuaded Britain that there is an opportunity for serious and detailed negotiations on verification, Mr Douglas Hurd, Minister of State at the Foreign Office, said in Geneva yesterday.

Launching the latest British initiative on a chemical weapons ban, he proposed an inspectorate similar to the

Britain is prepared to review its policy of excluding its Polaris nuclear weapons from arms control negotiations if the strategic arms reduction talks at Geneva make significant progress. Mr Douglas Hurd, said yesterday. Priority in the so-called Start talks was to reduce the arsenals of the two superpowers, he said. The Polaris system was not on the agenda.

International Atomic Energy Agency that would supervise the destruction of all existing stocks of nerve agents and other gases and the dismantling of factories producing them.

Soviet stockpiles are believed to total 300,000 tonnes, a hundred times more than old and unstable stocks held by the U.S.

Mr Hurd's plan is based on a three-stage programme that would be implemented over 10 years. The first stage would be the declaration of stocks by all parties and their inspection. The second covers an agreed period during which the stocks would be destroyed under international supervision, and the third would involve the destruction of factories and laboratories used to make the weapons.

The main impetus for Mr Hurd's initiative has come recently from the Soviet side, which has agreed in principle for the first time to verification

### David White in Madrid reviews the Spanish Premier's achievements during his first 100 days

## Gonzalez makes a bold debut

THE ELECTION results in France and West Germany have provided a sobering interlude for Sr Felipe Gonzalez between celebrations for his 41st birthday a few days ago and completion today of his first 100 days as Prime Minister.

The heavily defeated West German Social Democrats Party is the one which has always provided the strongest external support for Spain's moderate Socialist leadership. And it is among France's Socialists, badly wounded in the battle for the town halls, that the Spanish party, while rejecting the costly and sweeping changes north of the Pyrenees, drew its inspiration for the election campaign that brought it to power.

In Spain, where unemployment is sticking at more than 20m and where overwhelming economic problems continue to build up, is the same disaffection about to set in?

The only fair answer would seem to be not yet. Sr Gonzalez's young team faces its first test in eight weeks' time in municipal and regional elections. The Socialists stand to gain some of the votes they "borrowed" last October from the Communists and from the centre, but nobody appears to expect a serious setback.

With few tried professionals in the enormous number of posts that have had to be filled,

Spain's new leaders have been anxious to show themselves as an administration getting down to business. The symbol of this was ordering civil servants, notoriously lax in their habits, to trudge into work at 8 am—a move that has done nothing to improve the Government's popularity among its own employees.

There has been no hesitation about taking tough decisions— from its inaugural devaluation of the peseta and a drastic (if, in retrospect, premature) increase in petrol prices, to its swift and lethal sweep on the controversial Ramasa group.

#### Expropriation

The expropriation of the giant Rumasa group was the boldest single act of the new Government, and has had the most repercussions. It may also have been one of the least well thought-out and prepared—at least on the part of the official who got the name of one of the nationalised banks wrong in the decree.

But business, unable yet to digest the event, has reacted with a mixture of amazement and relief. The Rumasa affair was expected to erupt anyway. It was just a matter of how and when.

Backed by an ample majority in Parliament, the Government

has embarked early on important and delicate reforms.

One, which has provoked more organised protest than any other, is a limited plan to legalise abortion on certain specific grounds.

Another, crucial in the long-term to Spain's institutional stability, is reform of the army. The aim is to trim it, thin its senior ranks, redeploy and re-equip it, and make it more professional and less politically-oriented.

Ministers who have earned the most plaudits are Sr Narcis Serra, the bearded former Mayor of Barcelona, who cuts an unlikely enough figure in the Defence job, and Sr Jose Barriomero, at Interior, for skilful handling of their sensitive areas and building up trust in the armed forces and police.

This has been achieved against the tense background of continuing Basque violence. The hardline Eta Militar sent a shot across the Socialists' bows while they were still waiting to take power by assassinating the commander of the Madrid region's Brunete armoured division.

After a lull in January, it has resumed attacks on military and civilian targets, torpedoing planned "peace talks" between the region's main political forces. The Socialists were suspicious of the talks as a political manoeuvre, anyway.

Public demonstrations have

yet to bring a consistent anti-Government campaign. In the Basque country, people have turned out against Eta, but 30,000 marched to support it. Women's groups and unions have protested for a less timid abortion law, without touching the more than 100,000 middle-class Roman Catholics who came to Madrid last weekend to press the opposite cause.

On the same demonstration scoreboard, the extreme Right has shown no sign of life. But left-wing unions have begun to stir in some areas, particularly at the threatened steelworks of the Valencia region.

#### Restructuring

It is in the huge job of industrial restructuring, vital in a country that is growing impatient at being kept waiting at the European Community's door, that the crunch lies for the Gonzalez Government.

A series of problems in chemicals, aluminium and numerous other sectors still await solutions. Hard economic sums are made worse by the risk of a growing budget deficit. Business has gone along with the Socialist honeymoon, but lacks any confidence.

The set of economic targets tailored by the new government—2 per cent growth, while containing the proportional size of the budget deficit and knocking a couple of points off inflation



Sr Felipe Gonzalez... popular appeal still unswayed.

—is already straining at the seams. Initial wage settlements within this year's union-employer pact—12 per cent in the civil service, 11 in the railways—are considered high for a 12 per cent inflation target which is already well above the European average.

The economic rigour being prescribed is bound to create strains. But, for all their

factions, the Spanish Socialists and their allies in the UGT union are a disciplined lot. They know that one good reason why they received such massive support was that they were more solid than any other political force.

A key ingredient in this cohesion is the appeal and charisma of Sr Gonzalez himself. A hundred days on, his image is still untouched.

### Rizzoli brother out on bail

By Our Rome Staff

SIG ALBERTO RIZZOLI, a former managing director of the troubled Rizzoli publishing group, has been released on bail from the prison in Voghera, northern Italy, where he has been held for some three weeks following his arrest on a charge of fraudulent bankruptcy.

He was granted provisional liberty, the equivalent of unconditional bail, after Milan magistrates decided his detention was no longer necessary for their inquiries into the group, which owns the leading Corriere della Sera newspaper.

His elder brother, Sig Angelo Rizzoli, the former chairman, and Sig Bruno Tassan Din, the former managing director of the group, are still being held in connection with the disappearance of L29.6bn (£14m) from the group's accounts.

Rizzoli this week appointed Sig Carlo Scamaglio, a lecturer in industrial economics, to replace Sig Angelo Rizzoli as company chairman. His appointment has been expected since earlier this month when shareholders elected a new court-approved board for the company.

The charges relate to the late 1970s. Sig Angelo Rizzoli has told magistrates he is technically in debt for some L11bn of the total L29.6bn.

### Lisbon digs in its heels over strike

By Diana Smith in Lisbon

THE PORTUGUESE Government is maintaining a firm stance in the face of industrial action by public transport workers in support of a pay claim.

For seven weeks Communist and Socialist-led transport unions have stopped work on several days a week, leaving Portugal without urban transport or railway services.

The Confederation of Portuguese Industries, the outspoken business lobby, has accused CGTP, the Communist union confederation, of holding a "political transport strike," and labelled CGTP's and government as "inept and senseless," for permitting a strike that disrupts the economy and harms the daily life of the general public.

Unions representing workers in the Companhia Carris de Ferro, the Lisbon bus and tram corporation, are demanding a 28 per cent pay increase and the management is offering 14 per cent. The outgoing Government has set a 17 per cent ceiling for 1983 wage increases.

### UK sees chance of chemical arms ban

measures on which the talks have often broken down. Procedural wrangles in the committee's present session have so far prevented any explanation in detail of how far Moscow is prepared to go towards on-site inspection.

The reasons behind the flexibility appear to be pressure from Third World representatives among the 40-nation committee, rather than the threat of resumed production of chemical weapons in the U.S. after a gap of 13 years.

President Ronald Reagan's plan to spend \$200m in fiscal 1983 on chemical weapons production was soundly defeated in the House of Representatives last year and have been resubmitted. Elements of the chemical weapons' budget have been rejected again this year.

Until last year, negotiations on chemical weapons were a bilateral affair between the U.S. and the Soviet Union.

Mr Hurd said a verification should combine routine international on-site inspections with the possibility of procedures to investigate any doubt which may arise about a country's intentions. He said agreement must be reached on a procedure for handling complaints, without which confidence in a ban would be weak.

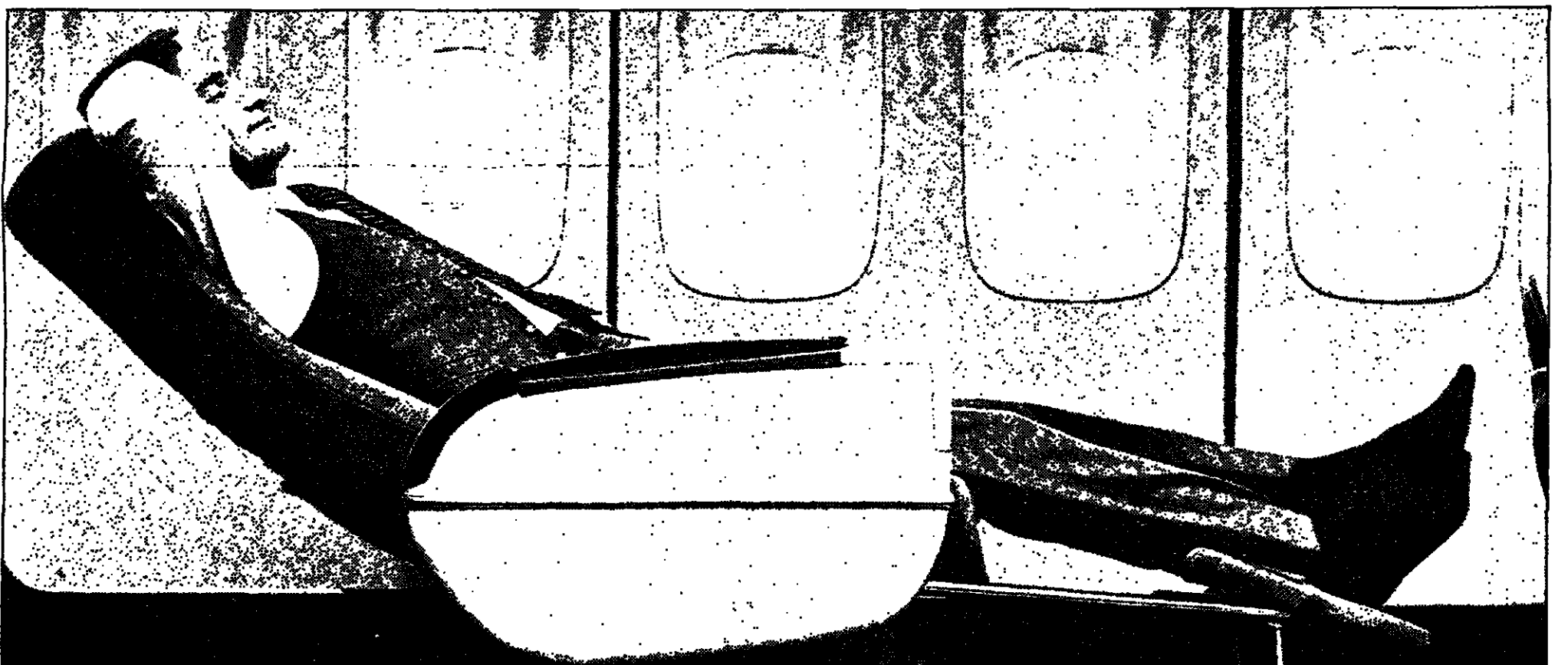
Despite any apparent movement, a fully verifiable chemical weapons convention will be extremely difficult to achieve. The Soviet Union is reluctant to open its factories to inspection when challenged, and toxic gases with a commercial use can be diverted easily to the military.

"While concentrating attention on the nerve agents," said Mr Hurd, "we should recognise that there are many other less toxic, but nevertheless lethal, substances which have been, or could be, used as chemical weapons but which also have extensive civil applications."

A less stringent regime of verification would be acceptable for such substances than for nerve agents. Mr Hurd emphasised that a convention would not want to police civil chemical industries in detail.

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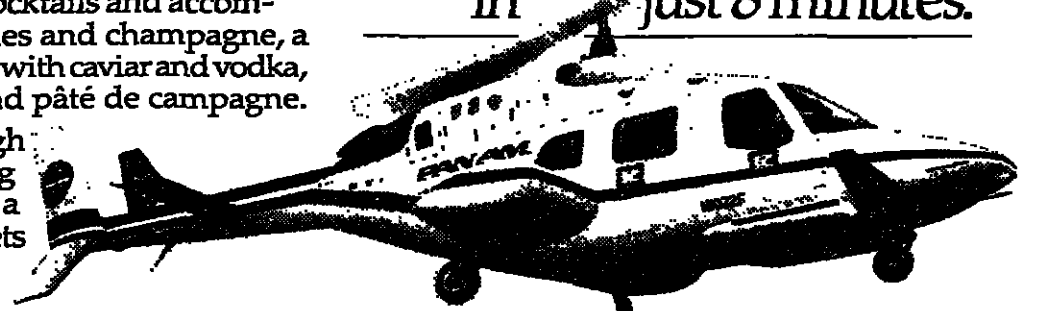
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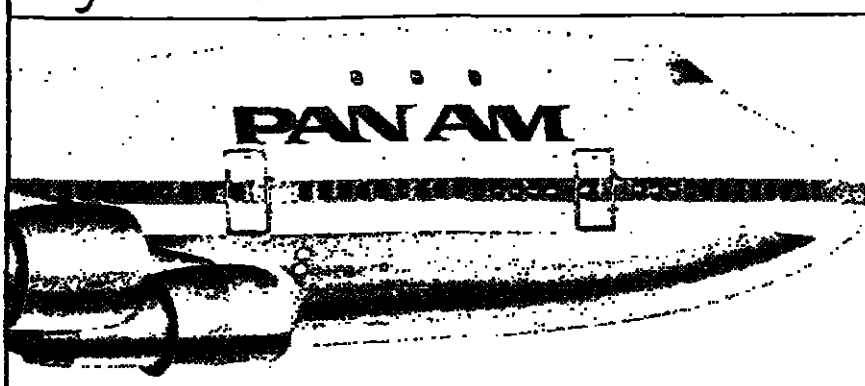
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## OVERSEAS NEWS

## Setback for improved Pakistani, Indian links

By K. K. Sharma in New Delhi

HOPES of rapid normalisation of relations between India and Pakistan suffered a further setback this week despite the fact that both countries signed an agreement ostensibly aimed at improving them.

Expected talks between Mrs Indira Gandhi, the Indian Premier, and President Zia ul-Haq of Pakistan on key bilateral issues did not materialise.

President Zia had been looking forward to discussions on substantive matters centring on his proposal for a "no-war" pact between the two countries.

Instead, the two leaders met for 15 minutes to exchange pleasantries.

The official reason for the absence of serious discussions is Mrs Gandhi's preoccupation as chairman of the non-aligned summit currently being held in Delhi.

More probable, however, was Indian irritation at President Zia's speech to the summit's plenary session in which he raised the highly sensitive issue of the disputed border state of Kashmir.

Mrs Gandhi did, however, say yesterday that India and Pakistan had "opened another door" by forming a ministerial-level joint commission on economic and cultural co-operation.

## Hawke spurns Left in new Cabinet posts

BY MICHAEL THOMPSON-NOEL IN SYDNEY

MR BOB HAWKE, Australia's new Labor Party Prime Minister, will preside over a moderate, business-oriented, 27-man federal Ministry from which virtually all Left-wing elements have been purged. The only leading Left-winger in the 13-member inner Cabinet is Mr Stewart West, of New South Wales, who has been given the minor portfolio of Immigration and Ethnic Affairs.

Three other members of the hard Left won ministerial tickets in yesterday's caucus elections—but have been shunted into the most junior portfolios.

New South Wales and Victoria have nine Ministers each in the new Government, Queensland only one—Mr Bill Hayden, the former Labor Party leader, who has foreign affairs. A total of six Cabinet portfolios will deal with economic and financial affairs.

Mr Hawke and his Ministers will be sworn in this morning by Sir Ninian Stephen, the Governor-General.

Key members in the Hawke Cabinet include:

Lionel Bowen, 60, Deputy Prime Minister and Minister for Trade. A former solicitor who entered federal parliament in 1960, he was special Minister of State in the Whitlam Government, and opposition spokesman on foreign affairs and trade. He challenged Mr Whitlam for the ALP leadership in 1975, and was a rival to Mr Bill Hayden in 1977.

Paul Keating, 39, Treasurer. A former union advocate, he has been president of the New South Wales Labor Party since 1978 and was opposition spokesman on agriculture, minerals and energy, taking over the Treasury portfolio seven weeks ago.

Bill Hayden, 50, Minister for Foreign Affairs. The former leader of the party, who was deposed by Mr Hawke last month. A Queensland policeman before entering Parliament in 1961, he became ALP leader when Mr Whitlam resigned.

John Dawkins, 36, Minister for Finance. Son of a prominent Western Australian farming family, he is now regarded as the firebrand of the Labor front bench. He entered Parliament in 1974.

John Kerin, 45, Minister for Primary Industry. A former axeman, bricksetter, and senior economic researcher at Bureau of Agricultural Economics in Canberra, he entered parliament in 1972, and has been opposition spokesman on primary industry since 1980. In the middle of Australia's worst-ever drought, he will have the difficult task of convincing farmers that the new government is as sympathetic to farming problems as the Liberal-National Party coalition.

Ralph Willis, 44, Minister for Employment and Industrial Relations. Entered Parliament in 1972 and was opposition spokesman on industrial relations, economic affairs, and Treasury. A former research officer and industrial advocate for the Australian Council of Trade Unions, he is an expert on taxation.

Senator John Button, 49, Minister for Industry and Commerce. A barrister who entered Parliament in 1974, he has held a broad range of opposition portfolios. He was an important powerbroker in the Hawke-Hayden leadership swap.

He is tough and well equipped for the industrial portfolio. Labor's campaign proposals included formation of an Australian Industry Development Bank, provision of extra incentives and assistance (particularly for the stricken steel industry), and promotion of Australian ownership and control.

Only men in Australia more ambitious than Mr Hawke, Mr Bowen played a key role in persuading Mr Hayden to surrender the Labor leadership early last month. He is staunchly protectionist and the Government has said it will not cut levels of trade protection while unemployment is high.

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Australia suffered a record balance of payments deficit last month of A\$1.06bn (£604m), following five consecutive monthly surpluses, writes our Sydney Correspondent. At the same time, unemployment rose to 746,300, or 10.7 per cent of the workforce, compared with 10.1 per cent in January.

Before last Saturday's general election capital outflows in February totalled A\$685m. However, this week's 10 per cent devaluation of the Australian dollar at once reversed the outflow. Because of large falls in shipments of coal and wool, exports last month fell by 15 cent, to A\$1.54bn.

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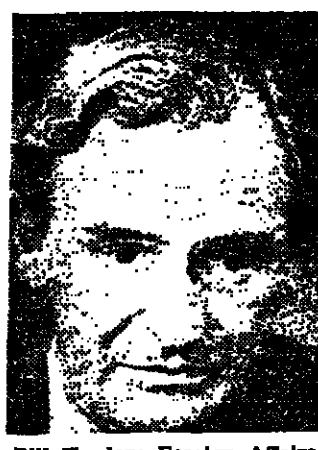
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Bill Hayden: Foreign Affairs



Paul Keating: Treasurer



Lionel Bowen: Deputy PM

## Nkomo still seeking a haven

By J. D. F. Jones in Gaborone

MR JOSHUA NKOMO, the Zimbabwe opposition leader who escaped from Matabeleland on Tuesday, is in hiding in Botswana while he looks for a country that will offer him asylum.

The most likely haven is Britain. Although it is understood that the Foreign Office has received no "application" for a travel document from Mr Nkomo—whose Zimbabwe passport had been confiscated—observers believe it is possible that soundings are being taken.

A decision to give asylum to the veteran Zanu party leader would be delicate as it would be resented by the Zanu-PF government led by Mr Robert Mugabe. For this reason, more convenient African states such as Zambia are less likely to welcome Mr Nkomo.

The Botswana Government, which insists it had no prior knowledge of Mr Nkomo's decision to flee across the Matabeleland border with a couple of colleagues, would also be embarrassed if he were to stay long.

Mr Lehang Mphahlele, administrative secretary to the President, said yesterday that Mr Nkomo's visit was likely to last "days rather than weeks," and added: "We are just waiting for him to tell us where he is going."

In Harare yesterday, the national newspaper The Herald—which is not the official mouthpiece of the government but is in close touch with ministerial sentiment—described Botswana's admission of Mr Nkomo as "an act of war."

Mr Mphahlele yesterday repeated Botswana's argument that the decision to admit Mr Nkomo temporarily "does not mean that we are in any way hostile to the Zimbabwe Government."

The refusal of the normally approachable Mr Nkomo to emerge from his "safe house" and meet the Press suggests that his silence has become a condition for his use of Botswana as an escape route from Zimbabwe.

The Botswana Government is keeping Mr Nkomo under wraps partly because of fears for his security and partly in order not to let him seem to use Botswana as a political base.

## Lebanon opposes U.S.

By David Tonge in New Delhi

LEBANON yesterday publicly opposed a U.S. effort to move to Washington the talks on withdrawal of Israeli troops from Lebanon.

Lebanese delegates to this week's non-aligned summit in New Delhi said that Mr El Salem, the Lebanese Foreign Minister, was being sent to Paris, London, Rome and Washington to explain why President Amal Gemayel's Government opposed the effort.

## Tokyo poll becomes referendum on Nakasone

By Jurek Martin in Tokyo

NEXT MONTH'S gubernatorial election in Tokyo has been transformed into a relatively clear-cut referendum on the personality and policies of Mr Yasuhiro Nakasone, the Prime Minister.

This has come about because, after interminable bickering between the Socialist and Communist parties, yesterday's final agreed to hold a joint candidate, Mr Hideo Matsuno, a prominent political journalist and one of Mr Nakasone's most trenchant critics.

He will be taking on Mr Junichi Suzuki, the incumbent governor, who has the support of the ruling Liberal Democratic Party (LDP) and the three centrist parties: Komeito, the Democratic Socialists and the New Liberal Club.

Although the LDP has controlled the national government without interruption for over 30 years, the left wing has scored some big victories in local elections, especially in the big cities.

Before Mr Suzuki won office four years ago, Tokyo had been run for 12 years by a Socialist-Communist coalition. However, in preparing for next month's municipal elections, the Socialists and Communists have been experiencing great difficulty in finding mutually acceptable candidates.

This obviously plays into the hands of the LDP. The problem had been particularly acute in Tokyo, where several potential candidates had either ruled themselves out or been unacceptable to one or the other of the two opposition parties.

Mr Matsuno, who is 70, brings to the race very little party baggage or known interest in urban government. But he has been a trenchant opponent of Mr Nakasone's perceived hawkishness in foreign policy and it can be assumed that this will be his principal platform.

Japanese city residents have tended to be less conservative than their rural counterparts, whose weight in national elections is out of proportion to their numbers. However, the Socialists and Communists have left it very late to get organised for the Tokyo campaign, which officially gets under way next week. This may prove a major handicap to Mr Matsuno.

Subarto is re-elected

By Richard Cowper in Jakarta

INDONESIA'S consultative assembly yesterday re-elected President Subarto to a fourth five-year term in office as head of state of the world's most populous Moslem nation.

The 61-year-old retired army general, who came to power in 1968, has ruled Indonesia for 17 years, and now seems set to become one of the longest-serving heads of state in the Third World.

Subarto is re-elected

## Mexico hopes to ride out oil price drop

BY WILLIAM CHISLETT IN MEXICO CITY

THE OIL price drop could not have come at a worse time for Mexico, the world's fourth largest producer, which is already battling with an acute liquidity crisis, and a tough austerity programme with the International Monetary Fund (IMF).

Senior financial officials believe that if an oil price collapse can be averted, and Mexico can limit its own price cut to a maximum \$4 a barrel, then the country will be able to meet most of its IMF targets and not have to seek additional funds from commercial banks.

Mexico is not a member of the Organisation of Petroleum Exporting Countries (Opec), although it has been closely involved in Opec price discussions.

If the price cut is higher, the Mexican Government will have to rethink its entire economic strategy, including renegotiating its \$3.9bn (£2.6bn) IMF package and obtaining more financing over and above its \$5bn commercial loan finalised this month.

Every \$1 drop in the oil price loses Mexico \$550m a year based on exporting 1.5m barrels a day — the country's present target. A sharp price drop will make Mexico have to pay the estimated \$120m of interest payments on its current total external debt of \$83bn. The country's hard currency reserves are already at a precariously low level and there are fears that the peso could also come under greater pressure.

Mexico earned \$15.6bn from oil exports last year, which represented 75 per cent of total merchandise exports of \$20.8bn. In November, shipments hit a monthly record of 1.53m b/d, which underscored the attractiveness of Mexico as a politically stable source for buyers wishing to diversify away from volatile Opec supply.

Mexico also has the right to renegotiate the terms of its IMF agreement, since the oil price drop is an external factor beyond its control.

Under the present agreement, Mexico is expected to replenish its depleted foreign reserves by \$700 this year. Government officials say \$500m may be a more feasible target, depending on the size of the price cut.

Exports dipped to 1.2m b/d in February after 1.6m b/d in December and January as clients reduced their inputs. Mexico has the capacity to increase its exports over the 1.5m b/d target to recoup some lost revenue. However, it is

After the oil price cut

understood that Pemex, the state oil concern, has informally committed itself to holding to this target.

Mexico does have a cushion in the form of lower than expected international interest rates. This year's budget is based on Mexico having to pay an effective interest rate of 14.5 per cent on its \$960m public sector debt.

The current effective cost for Mexico is about 11 per cent. The Government deliberately overestimated the rate in order to give itself a cushion to cope with the expected oil price fall.

This cushion allows Mexico to cope with a \$4 a barrel price cut, and continue to meet its debt obligations without too much hardship.

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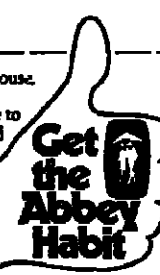
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## AMERICAN NEWS

## Reagan seeks further aid for Central American projects

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday asked for a total of almost \$300m for economic and security assistance to Central America, including \$100m in direct military aid to the embattled U.S.-backed government of El Salvador, to defend the region against a "Marxist-Leninist takeover."

In a major speech on U.S. policy in Central America, Mr Reagan warned that if the left-wing guerrillas succeeded in El Salvador, the country would join Cuba and Nicaragua as a base for spreading fresh violence to Guatemala, Honduras and even Costa Rica.

The killing will increase, and so will the threat to Panama, the Canal and ultimately Mexico," he told the National Association of Manufacturers in Washington.

"Soviet military theorists want to destroy our capacity to resupply western Europe in case of an emergency. They want to tie down our intention and forces on our own southern border and so limit our capacity to act in more distant places such as Europe, the Persian Gulf, the Indian Ocean, the Sea of Japan," Mr Reagan said.

Admitting that the military situation in El Salvador was "not good," Mr Reagan stressed that the real solution to the country's problems could only be political. He supported the five-nation regional peace initiative now getting under way, and came closer than ever before to advocating contacts between the El Salvador Government and the insurgents.

"We support negotiations within nations, aimed expanding participation in democratic

institutions," Mr Reagan said. "What we oppose are negotiations that would be used as a cynical device for dividing up power behind the people's back." He repeated that a tiny minority must not be allowed to "shoot its way into power."

Mr Reagan again insisted that he would not send U.S. combat troops on El Salvador, or "Americanise" the war with military advisers on the lines of Vietnam. The main purpose of the funds he sought, all of which require some degree of Congressional approval, would be to train Salvadoran forces outside El Salvador, "in the U.S. or elsewhere."

The number of U.S. military advisers in the country itself, currently limited to 55, was still under review and would depend on the resources available, he said.

Mr Reagan offered to remove all U.S. advisers from El Salvador if all other foreign advisers were withdrawn and a regional agreement reached to "halt subversion, stop the flow of arms and respect borders."

The other foreign advisers he named specifically were Soviet, Cuban, East German and Palestinian. The funds he sought for El Salvador included \$60m through reallocation of money already appropriated for worldwide military assistance and \$50m from a 1983 supplementary budget that is already before Congress. In addition, he asked for \$20m for "regional security assistance" and \$160m for increased economic assistance for Central America as a whole.

That would be made up of \$85m in new money and \$100m reallocated from already appropriated funds.

## Peripatetic Pope upsets whole political spectrum

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BACK in the Vatican after his exhausting tour of Central America and Haiti, Pope John Paul II and his advisers will be musing this weekend over the upset that his journey caused to governments and politicians at every point on the political spectrum. They will at the same time take comfort from the fact that the visit, which had been billed as pastoral, not political, succeeded in its real objective of strengthening the Catholic Church in the area at a very critical time.

As expected, the visit ran into few problems in the quieter parts of the region. In Costa Rica, Panama and Belize, where the people live in relative peace, there were few controversial moments. Even in Honduras, which is being pushed uncomfortably into the front line of the battle between Right and Left in the isthmus, the visit went off without great incident. In Nicaragua, El Salvador, Guatemala and Haiti, the political reverberations will be heard for a long time.

In revolutionary Nicaragua, the Left-wing Sandinista Government clearly committed a blunder in being over-eager to identify the Pope and the Church with their own political cause. The government manipulation of the crowds at the Pope's open-air mass in Managua, however much this manipulation may have been magnified by the Sandinistas' opponents in the foreign media, was unwise, as was the initial address of welcome in which Commandant Daniel Ortega, the co-ordinator of the Sandinista junta, was bitterly critical of Washington.

For his part the Pope left no ambiguity about his views about Church discipline and the Marxist-Leninist tinge to many of the Sandinistas' policies. He wagged his finger at Father Ernesto Cardenal, the priest, poet and Minister of Culture who with several other priests has ignored Vatican instructions that no priest should occupy political office.

Later, in the Nicaraguan city of Leon, he told teachers: "You do not need ideologies foreign to our Christianity in order to love and defend man" who "cannot be reduced to a mere tool of production nor to an agent of political or social power."

To say the least the Pope is clearly distrustful of Sandinism. At the same time, his constant references to patriotic feelings, moderation nationalism and the need for Central Americans to sort out their own problems without outside meddling, were probably not appreciated by the Sandinistas

for what they were: a warning to Washington as well as Havana and Moscow not to exacerbate the Central American horrors. Having upset the Sandinistas, he then went on to upset the Right-wing regimes. Calling for dialogue in El Salvador, he clearly did so in favour of the regime of President Alvaro Magaña, which is facing an increasing threat from Left-wing guerrillas and which with President Ronald Reagan's support has set its face against any dialogue or negotiation with its opponents.

His message will immensely strengthen those who have been calling for a negotiated end to the war, not least the Catholic Church in the U.S. with whom the Reagan Administration has been carrying on a running feud on the Salvadorean question.

Nor will Washington have been pleased with John Paul's remarks in Guatemala or Haiti. General Efraim Rios Montt, an increasingly close ally of the U.S. in the battle against the Central American Left, will have been dismayed at his blunt criticisms of the atrocities in Guatemala.

The Pope delivered these not just in Guatemala City, but also in Quetzaltenango, a provincial city dominated by the pre-

Columbian indigenes who have suffered grievously at the hands of General Rios Montt's extreme Right-wing regime. As Washington seeks to strengthen its ties with Gen Rios Montt, the Pope's words will provide much material with which the U.S. Catholic Church will counter Mr Reagan's policies.

John Paul's visit to Belize and the Vatican decision to start formal diplomatic relations with this former British colony will also have offended the Guatemalan military.

In Haiti, the last stop on his tour and the poorest country in America, the pontiff called for change in a country which for a quarter of a century has been in the grip of the Duvalier family. Speaking in the presence of President for Life Jean-Claude ("Baby Doc") Duvalier, he said: "There is division, injustice, inequality, degradation of the quality of life, misery, hunger, fear."

For his part, President Duvalier announced he was waiving his rights to nominate bishops in Haiti under the concordat agreement reached between Rome and Port-au-Prince in 1960.

As he sits in Rome today the Pope will hope that some of the religious fervour his visit evoked will linger on in an area, which though nominally Catholic, has never been known for the strength of its religious conviction or practice.



POPE John Paul on his visit to Haiti with President for Life 'Baby Doc' Duvalier and his wife Michelle.

## U.S. proposes N-talks confidence building pact

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE UNITED States has proposed to the Soviet Union that the superpowers negotiate an agreement on so-called confidence building measures in the area of strategic nuclear weapons.

The new U.S. proposal is believed to have been submitted to the USSR at the Start talks to reduce strategic nuclear arms which are now being held in Geneva. These negotiations are running parallel to, but are separate from, the talks aimed at limiting intermediate range nuclear weapons in Europe. The latter INF talks cover weapons such as the U.S. Cruise and Pershing and the Soviet SS20 missiles.

The U.S. proposals include the requirement that each side would give the other advance notification of all test launches of intercontinental ballistic missiles, whether land, sea or air launched, and full advance information on all major military exercises.

It is also proposed that the two sides should exchange information on their nuclear forces—which the Soviet Union has so far refused to accept.

The U.S. would like a confidence building measures document to be signed separately from an eventual agreement on Start. Washington officials say an agreement could even precede a full Start undertaking. President Ronald Reagan announced that he attached importance to such confidence-

building agreements in a speech last November. In January, before leaving Washington to open the new round in the Start talks, Gen Edward Rowny, the U.S. delegation leader, said he would pursue the confidence building question "with all vigour."

It is not clear whether the Soviet delegation to Start, led by Mr Victor Karpov, has reacted formally to the new U.S. proposal, or whether there have been other bilateral contacts on the issue.

There appears to have been little progress on the Start talks themselves since they re-opened five weeks ago.

Last June, when the talks began, the U.S. proposed that the current totals of warheads on strategic weapons should be reduced to 5,000 on either side with no more than half to be deployed on land-based missiles. The U.S. currently has about 9,000 warheads and the USSR about 7,300.

The Soviet Union has counter-proposed reductions to 1,500 missile launchers, as distinct from warheads, which would amount to reductions of some 30 per cent on currently agreed totals.

Moscow has rejected the ceiling on land-based missiles out of hand, on the same basis that it is rejecting the zero option in the intermediate force talks: that it requires far greater concessions from the USSR than from the U.S.

## Support for case-by-case approach to debt problems

BY ANATOLE KALETSKY IN WASHINGTON

THE REAGAN Administration, the Federal Reserve Board and the International Monetary Fund are all firmly convinced that global initiatives to restructure the debts of less developed countries would at present be neither feasible nor desirable.

Senior monetary officials in Washington are virtually unanimous in their conviction that no serious alternative exists to the present case-by-case approach to Third World debt problems.

Although officials are keeping abreast of suggestions for international financial reform circulating in academic and private banking circles, none of the schemes proposed so far appear to have generated serious interest. Since worldwide debt restructuring would inevitably pivot on the IMF, the Federal Reserve or the U.S. Treasury, the present official attitude in Washington effectively excludes implementation.

Some senior officials concede that if world economic circumstances deteriorated sharply, the

case-by-case rescheduling of individual countries' debts could run into difficulties and undermine confidence in the international banking system.

However, they remain convinced that a transfer of private bank loans to central banks or to an official agency such as the IMF would do nothing to address the underlying problems.

Countries facing short-term liquidity crises but able to service their debts in the long term can be dealt with through the present combination of IMF adjustment programmes, stepped-up private bank loans and Central Bank bridging facilities, according to the authorities in Washington.

If it turns out that some countries are truly insolvent and unable to meet their obligations even in the long term, then decisions have to be made on distributing losses on their bank loans between their own citizens, the shareholders of Western banks and the taxpayers of industrialised countries.

## National strike in Peru

LIMA — Police fired tear gas and water cannon at strikers yesterday as tens of thousands of Peruvian workers walked out in a nationwide protest against the Government's economic policies. Union officials in Lima called

the 24-hour strike a success. The General Confederation of Peruvian Workers said more than 1m workers took part in the strike, which affected public transport and closed down banking, oil, fishing and the construction industries. Agencies

# Employers. Test your powers of hypocrisy.

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☐ YES  
☐ NO

2. Do you think it's a good idea for you to give school leavers training and practical experience?

☐ YES  
☐ NO

3. Would you be only too happy to do so, if only your company was bigger?

☐ YES  
☐ NO

4. Or if you had more time?

☐ YES  
☐ NO

5. Have you ever moaned about the quality of young people who apply for a job?

☐ YES  
☐ NO

6. Wished that the government would do something about it?

☐ YES  
☐ NO

7. And are you willing to help now that the government have set up the new Youth Training Scheme?

☐ YES  
☐ NO

8. Or would you rather go on moaning?

☐ YES  
☐ NO

9. Are you hoping somebody else will make the effort?

☐ YES  
☐ NO

10. Do you have some other excuse, not listed above, for not helping the new Youth Training Scheme?

☐ YES  
☐ NO

11. Would you accept the same excuse from one of your competitors?

☐ YES  
☐ NO

12. Beginning to wish you'd turned over the page?

☐ YES  
☐ NO

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And, although you probably agree that the scheme is a good idea, when it comes down to you making it work, you may start to pull back.

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For further information simply dial 100 and ask for "Freefone Moorfoot" Monday - Friday 8.30am - 6.00pm or fill in the coupon.

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## WORLD TRADE NEWS

## 2% fall pushes global trade to 1979 levels

By PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE VOLUME of world trade fell by 2 per cent last year, pushing it back to the level of 1979. The only sector showing any strength was agriculture where the volume was 1 per cent higher than in 1981.

But conditions are favourable for recovery, although the full potential of that recovery will be realised only in an appropriate policy environment embracing both the rehabilitation of the price system and trade liberalisation.

The secretariat of the General Agreement on Tariffs and Trade (GATT) in Geneva makes these points in its first summary of world trade and major economic developments in 1982. The world trade body is headed by Mr Arthur Dunkel.

Underlying the GATT assessment is fear that rigidities in national economies, caused by interference with the pricing mechanism of the free economy—subsidies, governmental involvement in production and trade, protection—may blight recovery and a return to international financial stability.

"If the incipient recovery fades out in a new wave of inflation we shall, at least, finally know that micro-economic distortions—rather than anything that can be remedied by macro-economic policy—have been the main obstacle to stable non-inflationary growth," the GATT secretariat says.

Hopes for an upturn in the international economy are based on lower levels of inflation, decline in interest rates, low inventory levels and the improved relationship between real wages and real interest rates, GATT notes.

These conditions have emerged against the background of a 1 per cent decline in the volume of trade in manufactured goods during 1982 and a 7 per cent decline in mineral products, reflecting lower petroleum exports.

The lower volume of trade, combined with a decline in dollar unit values, caused the value of world trade last year to slide 6 per cent from its 1981 level to \$1.5bn.

For the second year running, the economic performance of most developing countries deteriorated, GATT notes.



Arthur Dunkel: conditions favourable to recovery.

"Debt service made possible by reduced activity levels could not be maintained for long. Thus the first concern of creditor banks, their governments and the international organisations must be the improvement of the general economic performance of the indebted countries," the GATT secretariat argues.

But if their performance is to improve then there have to be changes in the policy of the creditor countries involving both fiscal and trade policy reform directed towards greater liberalisation.

Trade policy reform would have three key benefits, according to the GATT secretariat:

- It is needed to sustain what may be an incipient but fragile recovery.
- It would help restore the price system; most price rigidities persist because industries are sheltered by quantitative restrictions. Lower trade barriers would help avoid the waste of capital in industries facing shrinkage in their market share and the appearance of inflationary bottlenecks.
- It would be a key component of the urgently needed joint programme to cope with the instabilities in the financial system. Reform by creditor countries is the necessary counterpoint to the search by indebted countries for more efficient economic policies, GATT says.

## Mexico-U.S. beer crisis coming to a head

By Nancy Dunne in Washington

AS IF Mexico did not already have enough problems, it is now having to defend its beer exports to the U.S. on the grounds that it is not a developed country.

Under the U.S. Generalised System of Preferences (GSP), designed to help developing countries find markets for their goods, Mexican beer has been allowed duty-free access to its wealthy northern neighbour. However, the U.S. Brewers Association, peeved that its own beer has been virtually banned in Mexico, has petitioned the Government to have its competitor's product dropped from the list of thousands of GSP products approved by the President each year.

Under the GSP rules, an item is dropped from the list for a year when it exceeds a specified market share. Mexican beer, with less than 2 per cent of the U.S. beer market, is barely competitive with U.S. brews.

The Reagan Administration, using what it alleges to be its discretionary authority to remove items from the list, wants to "graduate" middle income developing countries from the GSP programme. However, lawyers for Mexico's National Association of Beer Manufacturers argue that the U.S. President does not have the authority to "graduate" one article from one country.

The inter-agency GSP committee which makes recommendations to the President has reportedly decided in favour of excluding Mexican beer from this year's list.

To prevent the exclusion, last minute negotiations have been underway, and the Mexicans have offered to allow the admission of 500,000 cases of U.S. beer, equal to the market share they hold in the U.S. The usual 100 per cent tariff on foreign beer would be reduced to 75 per cent.

Thus far, the proposal has been rejected.

The crisis is expected to come to a head when the President announces his decision on March 19. Should Mexican beer be dropped from the GSP, its brewers will challenge the Reagan GSP graduation policy in court.

## GM mounts Isuzu attack on Europe

By KENNETH GOODING IN GENEVA

GENERAL MOTORS the world's largest automotive group, is to mount a marketing drive in Europe for light commercial vehicles made by its 34 per cent-owned Japanese associate Isuzu.

A jointly owned GM-Isuzu company, based in West Germany, will sell the commercials in Austria, Belgium, Holland, Finland, Sweden and Switzerland as well as Germany, mainly through dealers in GM's Opel car network. It will also have responsibility for the European sales of Bedford, the U.S. group's wholly owned UK-based subsidiary.

In Germany this year GM expects to sell 3,000 Isuzus and between 4,000 and 5,000 in 1984. All the vehicles will be less than 3.5 tonnes gross weight. The

range will include the KB pickup trucks, already sold in Britain under a Bedford badge, KB chassis cabs, the WFR vans, similar to the Bedford CF, and the four-wheel drive Trooper, a typical Japanese vehicle like the Nissan Patrol and not so rugged as the Land Rover.

Sales of Bedford vehicles in Germany have been restricted to those between 7.5 and nine tonnes gross because no heavy truck network has ever been set up there by GM. Only 70 to 100 a year have been sold through 15 dealers. However GM hopes that some of the Opel dealers taking the Isuzu vehicles will put Bedfords on their shopping list in future.

So far 70 dealers have been signed up for Isuzu in Germany and the number should rise to between 100 and 120 by the end of this year. About 80 sub-dealers will also be appointed.

The new joint European sales company, 51 per cent owned by GM, is based at Russelsheim near Opel's headquarters with a former Bedford executive, Mr Bliker Jacobson as chief executive. It is due to start operations in May this year—nearly six months behind the original schedule—at which stage Bedford will give up its responsibility for GM commercial vehicle sales in Europe.

Bedford has been absorbed into GM's world truck and bus division, based at Pontiac, Michigan. The separation of Bedford from Vauxhall, GM's car company in Britain, eventu-

ally should produce a clear picture of the financial results in each business.

Isuzu vehicles are given a prominent position on the GM stand at the Geneva Motor Show. The Swiss experience gives an indication of what might happen in other countries. Of Opel's 87 main dealers in Switzerland 53 are to sell Isuzus and eventually there will be 70 main and 50 sub-dealers covering the country.

GM hopes to sell between 1,800 and 2,000 Isuzu vehicles a year, in Switzerland. GM has no present intention of selling Isuzus in Italy or France, countries with restrictions on Japanese vehicle imports, or of increasing the range offered in Britain.

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Emilia Tagaza examines one of the Philippines new industrial projects  
Self-sufficiency may prove costly

THE PHILIPPINES' \$530m copper smelter, scheduled to come on-stream in April, has raised hopes that the country can yet increase its foreign exchange earnings from the commodity by locally processing some of its copper output.

The copper smelter is one of the Government's ambitious "11 major industrial projects." Unlike most of the other projects, its construction has proceeded without much delay, but as the smelter's inaugural date approaches, signs are that it is not completely without the controversy that has bedevilled the others.

The Philippine Associated Smelting and Refining Corporation (Pasar), the smelter's owners are deadlocked with local mining companies over smelting charges. Although eight mining companies jointly own 28 per cent of Pasar, they claim they are being offered uncompetitive smelting fees. An official of one of the firms said Pasar has proposed a refining fee of 9.5 cents per pound, higher than the 8 cent fee charged by Japanese smelters. He said they are negotiating a fee of about 9 cents or even less.

The official said there are also disagreements over shipping rates, with Pasar proposing to charge almost the same rate as what the companies are now paying to ship their copper ore

to Japan. "This is ridiculous because copper will just be transported within the Philippines," he said.

Mr Roberto Ongpin, the Trade and Industry Minister, claimed it was not fair to compare rates with Japan because Japanese smelters have deliberately slashed rates as they consider the Philippine smelter a threat. He argued that Pasar

reserve any part of its production at potentially non-competitive terms, in order to ensure the viability of a single enterprise in which the Government happens to be a major investor.

The state-owned National Development Corporation (NDC), which is headed by the Trade and Industry Minister, holds the single largest interest in Pasar, owning 55 per cent

The Philippines Government hopes to see a boost in the country's foreign exchange balance through a switch to local refining of its copper ore. It is concerned, however, that its plan may be eroded because of price cutting by Japanese smelters. The issue has been clouded by industry concern over whether it is sound economic policy for the industry to reserve part of its copper output for domestic smelting at non-competitive terms

will not take all the mining companies' output so they could still continue selling most of their production to Japan.

Last year, all copper mining concerns were instructed by the Government to reserve 30 per cent of their copper output for Pasar. The move was questioned by Mr Jaime Ongpin, the influential president of Benguet Corporation, one of the country's biggest mining companies. Mr Jaime Ongpin, a brother of the Trade and Industry Minister, said "the question that must be asked is whether it is legal, much less sound economic policy, to compel an entire industry to

be operated more for strategic than for commercial purposes."

Despite the deadlock over refining charges, Mr Constante Ventura, the Pasar president, is confident agreement can be reached by the end of this month. Another Pasar official said that the mining companies cannot really afford to be uncompromising since they too can benefit from an agreement with Pasar. "In the future, Japanese smelters could no longer dictate terms because the mining firms could use the contrast with Pasar as a bargaining lever," he said.

The smelter, being built in Leyte province in the central Philippines, will have an annual capacity of 138,000 tonnes. It was designed by Mitsui Mining and Smelting of Japan while Marubeni is acting as principal construction supervisor. The Construction and Development Corporation of the Philippines (CDCP), the major Philippine construction concern is the general contractor.

The Government is already considering expanding the smelter's capacity. Minister Ongpin said a final decision on expansion will be taken a few months after the smelter has been running. The expansion plan was triggered by the agreement among the Association of Southeast Asian Nations (Asean) to let the Philippines build a copper fabrication plant as its contribution to the free-trade grouping's regional industrial programme.

In questioning the economics of the copper smelter, Mr Jaime Ongpin said, "There is just no way Pasar will be able to compete profitably against Japanese smelters which were built prior to the oil crisis for less than half the cost of Pasar, or against smelters in South Korea, Taiwan and China which

of the capital stock. A Japanese consortium composed of Marubeni, Sumitomo, and C. Itoh, jointly own 32 per cent while the remaining 5 per cent is held by the International Finance Corporation, a World Bank affiliate. The remaining 28 per cent is held by the eight participating mining companies.

In questioning the economics of the copper smelter, Mr Jaime Ongpin said, "There is just no way Pasar will be able to compete profitably against Japanese smelters which were built prior to the oil crisis for less than half the cost of Pasar, or against smelters in South Korea, Taiwan and China which

## Industrial policy defended in Tokyo

TOKYO — Japan's semiconductor makers yesterday lashed out at a U.S. industry study which had claimed Japan's Government was orchestrating an attack on U.S. makers of key computer parts.

Flatly rejecting charges of an "unfair" Japanese industrial policy, the Electronic Industries Association of Japan (EIAJ) said other industrialised nations employ similar industrial policies.

Japan's industrial policy is being criticised—largely or solely because it has been relatively more successful—than the industrial policies of most other countries except the U.S., the group said.

The Association also blasted a critical U.S. study, released February 5 by the U.S. Semiconductor Industry Association (SIA), as being "crowded with statistical hyperbole, factual misrepresentations and petting details."

The statement specifically denied the SIA's claims that the Japanese Government had provided excessive assistance to Japan's semiconductor makers.

"The Japanese association's statement said the U.S. SIA 'should make clear the real purpose' of its criticisms of Japanese industrial policy, 'whether such criticism itself is the purpose, or if it is trying to lay the foundation in the U.S. for a policy of Government and industry co-operation as in Japan.'"

The association said "all countries," including Japan and the U.S., have "quite properly" sought and currently seek to encourage efficient industrial and technological development. "Such industrial policies are a proper and legitimate expression of national policy and serve economic and national security needs of the government involved," the Japanese group said.

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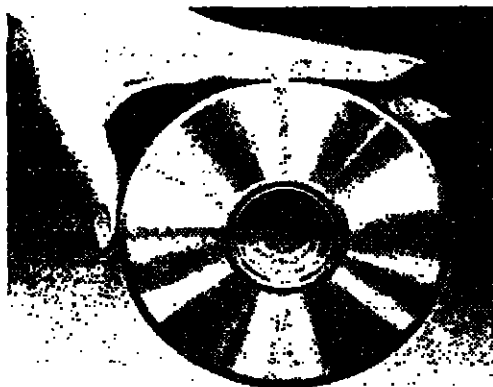
Iraq seeks to defer \$1.5bn of payments

Japanese trading houses and contractors have started negotiations with Iraq on its proposal to defer payment for construction works totalling an estimated \$1.5bn. Reuters reports from Tokyo. The negotiations will concern the periods of deferral, ways to raise funds to cover it and interest rates.

## You are now witnessing the beginning of a new era in audio technology.

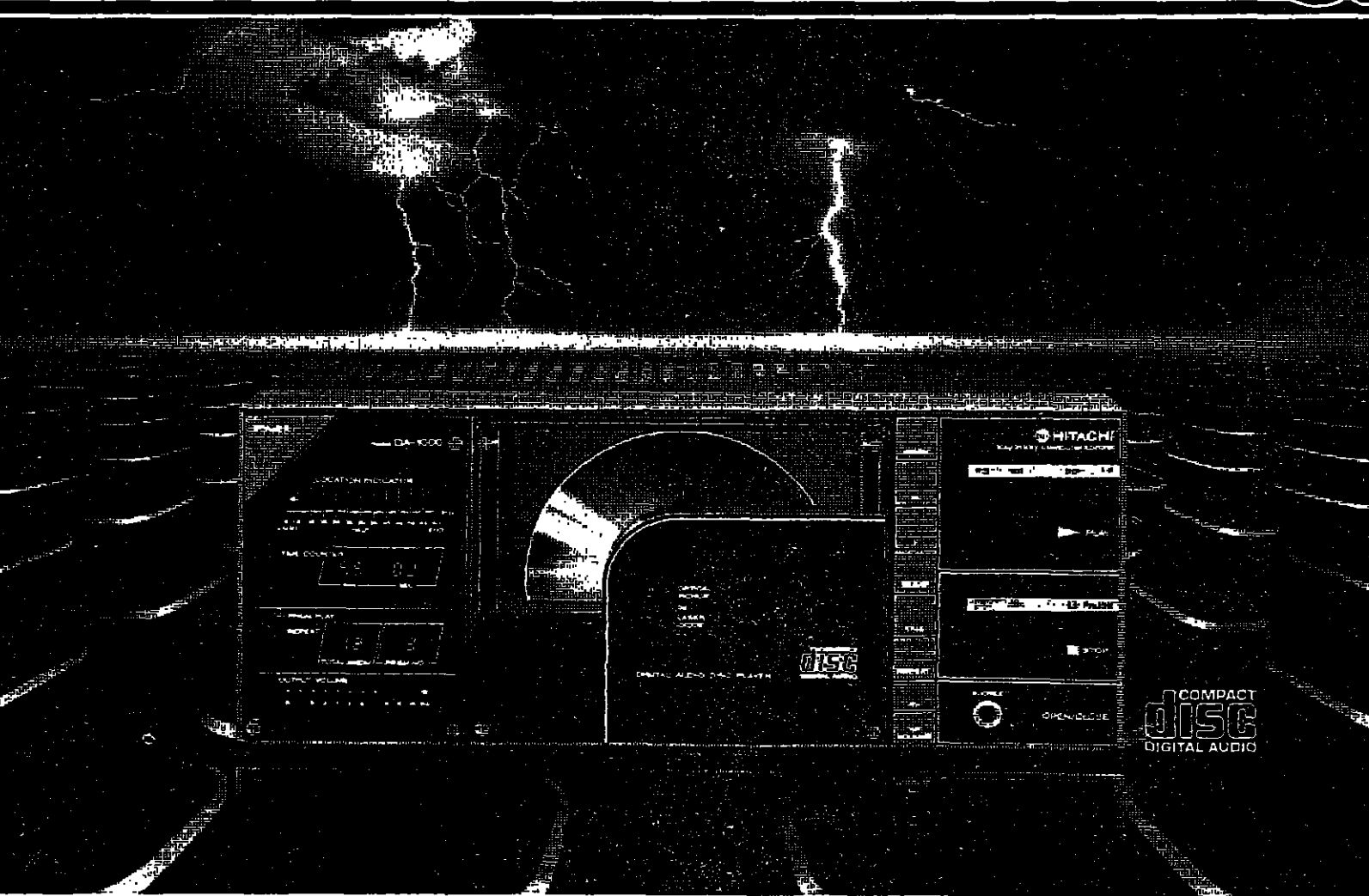
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## UK NEWS

### Workers may lose pay-in-cash option

By John Lloyd, Labour Editor  
THE GOVERNMENT is considering legislation to repeal or amend radically the 150-year-old Truck Act, which enables the employees to insist on payment of wages in cash. The subject is a controversial one, because of the preference shown by the majority of manual workers in the UK for cash wages over cheque or bank transfer.

Mr Norman Tebbit, the Employment Secretary, said yesterday that the Government was persuaded that the time had now come to reform the legislation to facilitate the spread of cashless pay.

Mr Tebbit said a switch to cashless pay was estimated to save employers £30 per person per year. "Such savings improve competitiveness and job prospects. Employees benefit from the reduced risk of theft or loss from pay packets and the community benefits from a reduction in the scope for robbery and theft."

A consultative document on the payment of wages, issued yesterday proposed a number of options, including the repeal of the Truck Act, brought in 1831 to protect workers from abuses associated with payment in kind, and specifying that a worker could only be paid by cheque if he consented.

### International Property Review

Every Friday the Financial Times publishes a detailed review of the activities in the UK and international property markets.

Specialist FT writers look at the background to the week's headline making news, profile leading personalities and examine trends in the property development market.

## Labour 'budget' plans £5bn boost in spending

By Margaret Van Hattem

THE LABOUR PARTY yesterday produced its alternative to next week's Conservative budget - a £10bn expansionary mix of public spending and indirect subsidies to industry, plus a major shake up of personal taxation aimed at making high and middle income earners subsidise tax cuts for the low paid.

The programme, drawn up by Mr Peter Shore, the Shadow Chancellor of the Exchequer, and his team includes:

● A £3bn boost to public sector capital spending (on housing and construction) and current spending (on education, health and social services).

● A £4bn boost for industry, comprising either abolition of the National Insurance surcharge, or cuts in VAT and a rent freeze, or a mixture of both.

● A £1bn top-up for pensions and

benefits, rising to £2bn over a full year.

● A self-financing tax package designed to make those earning £13,000 a year or more subsidise a 10 per cent real rise in tax allowances.

The programme is in line with Mr Shore's Programme for Recovery, published last November, and shares its basic assumption that a Labour Government, co-operating with trade unions in a national economic assessment, would be able to hold real pay increases to about 2 per cent.

It envisages a continuing fall in the sterling exchange rate to "reasonably competitive levels" (Mr Shore is giving no specific figures) and a 2 per cent cut in interest rates.

Mr Shore estimates the additional

cost of the package to the Public Sector Borrowing Requirement (PSBR) at £6bn. In this it is broadly comparable with the £5.15bn net cost of the SDP/Liberal Alliance "budget" brought out 10 days ago, which includes a number of measures broadly similar to those in the Labour plan.

As with his 1982-83 pre-budget statement, Mr Shore gives priority to reducing unemployment, repeating his job-creation target of 500,000. The Alliance has also adopted this target. The main new element in this year's package, and the one likely to prove most controversial, is the reform of personal taxation.

Mr Shore yesterday disclaimed any desire to punish the rich, saying he was intent only on fair shares for all.

## Steel plant rescue challenged

By Peter Bruce

THE GOVERNMENT has been strongly criticised by an all-party committee of MPs for its decision last December not to allow the British Steel Corporation (BSC) to close the big integrated steel plant at Ravenscraig in Scotland.

In a report published yesterday, the Industry and Trade Committee says the decision to retain steel-making at five large sites "was essentially a political rather than an economic decision," and it suggests

that the cost should be borne directly by the Government and not by BSC.

It dismisses the assertion by Mr Patrick Jenkin, Industry Secretary, that closure of any one site would have involved an irrevocable decision that might be proven unnecessary should the steel market improve. "The irrevocability argument hinged on his unsupported assertion that furnaces for iron and

steel-making once closed cannot be re-opened," the committee said.

Mr Ian MacGregor, chairman of BSC, said the cost of maintaining steelmaking at Ravenscraig could cost up to £100m a year. "In our view, the decision (not to close a major plant) is extremely costly and its consequences must delay the development of a thoroughly efficient, cost-competitive UK steel industry in a changing world," the report says.

## EEC move against cut-price paper

By Maurice Samuelson

THE EEC Council of Ministers has raised the minimum prices of kraft liner paper, the most widely-used packaging material, in an anti-dumping move aimed at suppliers in North America and Scandinavia. The EEC's intervention price is to rise 30 per cent over that which it set in 1976.

The move will lead to higher European prices for corrugated casing, in which kraft - made from virgin timber pulp - is a key ingredient. The heaviest and most commonly

used grade of kraft, weighing between 175 and 337 grammes, will officially rise in price from \$258 to \$333 per tonne. Low prices, reflecting overcapacity in the U.S., have caused severe difficulties for European producers of waste-derived board, known as test liner, the main alternative to kraft.

The new EEC base prices will have a stronger effect on the Continent, where imported kraft is believed to have been selling at up to \$30 a tonne less than in Britain.

Low import prices reflected the collapse in the North American kraft market.

In Britain, cheap kraft badly hit demand for waste-derived test liner, whose main producers are Bowaters, Thames Board and Reed International (which last year closed a board mill).

Even before the latest price rise, the UK corrugated case industry had announced that it was planning higher prices because of its own higher costs.

### UK car industry 'now over the worst'

By John Griffiths

THE UK motor industry is now past the worst of its crisis, and is beginning to compare well with the rest of Europe. But manufacturing costs still need to come down much further and the recovery remains fragile. It could be destroyed overnight by "ill-thought actions by government, management or work force."

These are some of the conclusions drawn by Professor Krish Bhaskar, accounting and finance professor at East Anglia University, in a 330-page study of the UK and European motor industry released yesterday.

Ironically, Prof Bhaskar, an influential commentator on the industry, released his report on the day that Ford's Halewood plant at Liverpool came to a halt over the sacking of one man, and BL workers walked out at Longbridge.

Halewood itself was a factor in his assessment of Ford operations in Europe. Comparing its 700-900 cars a day output with 1,350 a day from Ford's similar plant at Saarlouis, West Germany, he predicts that by the mid-1980s Ford is likely to be short of production capacity to meet its target of winning 13 per cent of European sales. This was the logic for installing new capacity in Portugal.

"If sales do not then reach these expectations, the logical action for Ford would be to close one of the higher-cost plants... probably Halewood."

Prof Bhaskar predicts that new car demand in Western Europe will reach a record of about 12m in 1986 from 10.4m last year, followed by a sharp drop in the later 1980s and a long climb to a new peak early in the 1990s.

He expects European price, now at an all-time low in real terms - with most European makers recording heavy losses - to recover and bring the European industry back into profits by 1985-86. This will come about, he forecasts, as the result of the ending of recession, higher volumes as car ownership per capita moves closer to U.S. levels and continuing restrictions on Japanese imports.

The future of the UK and European Motor Industry, £35 Ronald Sewell and Associates, 1 Queen Square, Bath

## Britain leads Community in attracting foreign investment

By Jason Crisp

BRITAIN has attracted by far the largest share of direct overseas investment in the European Community, says a report published yesterday by the Invest in Britain Bureau (IBB).

The report says more than half of all Japanese investment in the EEC has been in Britain. For many years the UK has also been the largest recipient of U.S. investment in the EEC. The bulk of recent new overseas investment in the UK has been in electronics.

In the past four years there have been more than 600 decisions to invest in the UK, involving nearly 60,000 jobs. By far the largest source of overseas investment in the UK has come from the U.S.

During the four years 281 investments have come from the U.S. involving more than 37,000 jobs.

The report discloses that in 1979 foreign enterprises represented 2.5 per cent of manufacturing establishments in the UK. They accounted for 14.1 per cent of employment, 18 per cent of wages and salaries, 20.3 per cent of net output and 21.5 per cent of net capital expenditure.

The report says: "Foreign-owned companies are vital to the economic life of Britain. They bring new technology, new management styles and attitudes, the injection of capital investment, the generation of exports and new jobs."

The IBB is part of the Department of Industry and was formed to encourage investment in the UK.

The net flow of direct inward investment into the UK in 1980 - including unremitted profits and excluding the oil industry - totalled £2.6bn, of which £1.6bn was from

the U.S. After the U.S., West Germany is the largest investor in the UK.

Although Japan has attracted considerable attention for its UK investments, the IBB reports only 24 Japanese companies have manufacturing units in the UK with gross assets of more than £80m.

Financial assistance to foreign companies under Sections 7 and 8 of the Industrial Development Act 1982 totalled £71m in the 1981-82 financial year. Foreign companies received 47 per cent of all assistance offered under Section 7 and 58 per cent under Section 8.

Inward Investment and the IBB - 1977-82 is available free from: Investment in Britain Bureau, Department of Industry, Kingsgate House, 66-71, Victoria Street, London SW1E 6SL.

## 8,200 idle in Ford Halewood dispute

FINANCIAL TIMES REPORTER

THE UNOFFICIAL strike halting all Escort car production at the Ford works at Halewood on Merseyside is set to go on at least until the beginning of next week. Meanwhile, a total of 8,200 hourly paid workers, almost the entire car production workforce, is now either on strike or laid off.

A management spokesman said yesterday that, with the position deadlocked, 4,500 hourly paid workers were now on strike in the assembly plant and 3,700 laid off in the body plant.

The assembly plant shop stewards will meet this morning to consider the position. No night shift is worked at Halewood on Friday, so no mass meeting at which any decision could be taken can be held before the weekend.

Meanwhile, a mass meeting is being called on Sunday by the stewards in the body shop, but it is not

connected with the strike. It is to give a progress report on the company's proposed cutback programme at Halewood, in which 1,300 voluntary redundancies are being sought among the 9,700 production workers by the beginning of May.

By the end of what would have been last night's shift, Ford had lost 2,500 Escorts worth £12.5m at showroom prices since the start of the strike on the Tuesday night shift. The man at the centre of the dispute, Mr Paul Kelly, aged 25, of Liverpool, who was dismissed for allegedly maliciously damaging an unfinished car by bending a bracket, yesterday claimed the strike would never have taken place if management had agreed to an independent inquiry.

A union appeal against his dismissal was rejected under the normal discipline procedure.

### Suspension underwriters

By John Moore, City Correspondent

THE COMMITTEE of Lloyd's of London, the insurance market, yesterday warned two of its leading underwriters that it is to consider suspending them from the market after an internal inquiry into the relationship of the underwriters with the Fidentia Marine Insurance Company of Bermuda.

It said it had decided "to give notice to Mr Raymond Brooks and Mr Terence Dooley of its intention to consider administrative suspension under the relevant section of Lloyd's by-laws."

The inquiry has studied the underwriters' involvement with Fidentia, a company which received large amounts of money from syndicates under the management of Mr Brooks and Mr Dooley over a seven-year period.

Yesterday the two men were notified of Lloyd's action and given the details of the findings of the inquiry

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## UK NEWS

## UK plutonium helped Japan's nuclear effort

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITISH plutonium helped to launch Japan's fast reactor research and development programme in the early 1970s, the UK Government has disclosed.

There was a denial, however, that any plutonium from Britain's civil nuclear power stations had been used in its defence programme. It had no plans to make any military use of plutonium from civil nuclear stations, or from the prototype fast reactor at Dounreay.

Neither had it ever exercised its right to withdraw plutonium from international safeguards, where all plutonium from Britain's civil power stations had been placed voluntarily since 1970, Mr John Moore, Energy Under-Secretary, told Parliament in written replies to questions about plutonium exports.

Britain has exported plutonium to six countries - Japan, the U.S., Belgium, France, Switzerland and West Germany.

Britain supplied Japan with kilogram quantities of plutonium for nuclear experiments in 1972 and 1974, including plutonium of a pur-

ty normally reserved for nuclear weapons.

The so-called weapons-grade plutonium was requested as part of an order for fissile material placed with the Central Electricity Generating Board (CEGB) and British Nuclear Fuels (BNFL), said Mr Moore.

Weapons-grade implies the plutonium is rich in the fissile plutonium-239 isotope, and lean in plutonium-240 and other isotopes.

The export order was approved by the International Atomic Energy Agency (IAEA) custodians of the Non-Proliferation Treaty. It is still subject to international inspection by the IAEA.

Japan is a potential partner of Britain in new international arrangements under discussion for the development of commercial plutonium-fuelled fast reactors.

Part of the plutonium order was fulfilled by the CEGB from fuel at its Wylfa nuclear station in Anglesey, with the rest supplied by BNFL from its reactors at Calder Hall and Chapelcross.

The Government's disclosure about the assistance Britain has rendered Japan's fast reactor programme resulted from questions about the disposal of plutonium from Wylfa, Britain's last and largest Magnox nuclear station.

The civil Magnox stations operated by the generating boards were developed from a type of reactor originally needed to make plutonium for nuclear weapons, and installed at Calder Hall and Chapelcross.

A characteristic of the Magnox reactor is that it will yield a very pure plutonium, particularly suitable for nuclear weapons, in the early months of operation.

The first fuel discharged from a new reactor of this kind is very rich in plutonium-239. As the reactor settles down, fuel can be left in longer, with considerable benefit to generating costs, while becoming less and less suitable for weapons.

The plutonium rich in plutonium-239 is also needed for certain experiments in reactor physics.

## £7.4m more launch aid for Short's commuter airliner

BY LYNTON McLAIN

THE GOVERNMENT is to provide an extra £7.4m in launching aid for the SD360 commuter airliner project of Short Brothers. The aid is part of an additional £12m being made available by the Government to the company over the next 12 months.

Mr James Prior, the Northern Ireland Secretary said in a written answer in the House of Commons that the Government had approved an updated corporate plan for the company. This is designed to maintain the original strategy for the company endorsed by the Government in December 1981.

The strategy was designed to allow Short Brothers to continue development of aircraft, aerostuctures and guided missiles.

"The Government has authorised an increase in the company's cumulative external funding requirement from £70m for the period to March 1983 to £90m for the period to March 31 next year. As its contribution to financing the additional

£12m requirement, the Government will provide £7.4m in 1983-84, largely by means of payments under a launch aid contract on the SD360. The balance will be raised through commercial borrowings," Mr Prior said.

●The disclosure of ministerial working papers is not necessary for a fair trial of a High Court action by 20 international airlines over increased landing charges at Heathrow Airport, the House of Lords has held.

The papers would tend merely to repeat information contained in official documents already disclosed to the airlines in their claim against the British Airports Authority and the Secretary of State for Trade, the Law Lords concluded.

They were giving their reasons for having decided in January not to inspect 100 ministerial papers, and 150 documents that passed between senior officials of the Trade and other government departments.

## The steel production boom continues

By Ian Rodger

THE rising trend in British steel production that began in January continued strongly in February. Weekly output averaged 312,000 tonnes, 20.4 per cent above the January rate and 35 per cent above last autumn's rate.

Steelmakers say this reflects a sharp increase in orders since the decline in the value of sterling. Pressure from import competition is said to have subsided considerably in many product areas, particularly wire rod and light sections, in the past two months.

Another factor is the steel consumers' knowledge that most steel prices are likely to increase next month and, largely because of the sterling decline, the increases are likely to stick. Consequently, steelmakers and stockholders believe some of the surges in ordering reflects stock rebuilding in advance of the increases.

## £1 coin will boost the recession-hit vending industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE INTRODUCTION of the £1 coin next month will give a significant boost to the UK vending industry, which has suffered lower growth during the recession.

The £1 coin will make it possible for machines vending hot meals to be used in factories and offices instead of the more labour-intensive - and therefore costly - staff canteens.

Machines capable of taking the new £1 coins were on display this week for the first time at the International Vending Exhibition in London, which was officially opened by Sir Keith Joseph, the Education Secretary.

The exhibition also included a variety of vending machines employing the latest electronic technology to make them more efficient in dispensing food and drinks and less liable to go wrong.

Vending machines are by no means a modern invention. Hero, the Greek mathematician, is credited with originating the vending machine in 215 BC when he devised a machine for dispensing holy water in Egyptian temples in return for a coin.

In more modern times, vending machines dispensing chocolate and cigarettes have been a feature of railway stations for decades. "What the butter saw" machines have also stood on seaside piers since Edwardian times, and coin-operated juke boxes have been popular since the 1930s.

The total number of vending machines in use in the UK is estimated at 7.4m, about mostly in the service sectors. For example, there are nearly 3m gas and electricity meters, 500,000 amusement and gaming machines, 300,000 telephone boxes and stamp machines, and about 1m other service-type machines.

Machines selling actual merchandise include about 175,000 cigarette machines, 100,000 confectionery dispensers, and some 100,000 selling other types of goods. According to the Mintel market research company, about 23 per cent of all vending expenditure is on drinks - 15.5 per cent for coffee, 6 per cent for tea and soup, and 1.5 per cent for cold drinks. Other market research - from the General Institute of Research Associations (GIRA) - suggests that there is still considerable potential for workplace vending. It believes there are some 380,000 possible locations for vending machines in the UK but that only 40,000 locations currently have a vending machine. GIRA estimates there are actually some 137,000 vending machines located in factories or offices but some locations have more than one machine.

This potential growth into offices and factories which do not have as many machines as they need is one reason why the industry is fairly optimistic about the future, even though the number of company failures and high unemployment during the recession has obviously affected the number of vending outlets.

At the same time however, the recession has helped vending operators as companies have cut back on their own catering operations - including the traditional tea-trolley - to offer more cost-effective food and drinks from vending machines.

There remains no doubt that the vending machine operators are competing very hard for business. A sign of this fierce marketing activity is shown by Klx, a leading manufacturer owned by the Mars group, which this week launched a test advertising campaign on radio aimed at persuading consumers to use Klx vending machines rather than other models.

The appeal judges held that there was nothing in international law or the human rights convention that would entitle, or require, the English court, applying English law, to make an exception from liability to forfeiture in favour of a foreign owner, even if he could show that he had not been party to the act that led to the forfeiture.

As Lord Denning put it: "I believe that the general body of opinion in international law is that you should not confiscate the property of an alien by nationalisation except on due compensation."

Nevertheless, it is clear to my mind that that provision of international law has no application whatever to a case of this kind. This is property which is smuggled into a country contrary to its own laws for the protection of its customs duties and other duties.

"These Krugerrands are forfeitable to the Crown because they were smuggled in in this underhand, devious way."

Allgemeine Gold was refused leave to appeal to the House of Lords and its only remaining course was to lodge a complaint in Strasbourg.

If the Commission decides that the complaint satisfies the admissibility requirements it will go on at a later stage to consider its merits in detail.

If finally satisfied that there has been a breach of the Convention, the Commission will try to bring about a friendly settlement between the company and the UK Government. Failing that it will send the case to the European Court of Human Rights for a ruling.

ed in accordance with Article 1 of the first protocol, which provides that "no-one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

The seizure by Customs officers at Dover of 1,500 smuggled Krugerrands, valued at £300,000, seven years ago, has led to the UK government facing a claim by a West German company before the European Commission of Human Rights in Strasbourg.

Allgemeine Gold- und Silberscheidanstalt, a Pforzheim gold and silver refining company, alleges that the Customs' refusal to release the Krugerrands, of which the company claims to be the legal owner, is a violation of property rights guaranteed by the European Convention on Human Rights.

The Commission sat in private session this week to hear arguments from the company and the UK Government as to the admissibility of the claim, made under Article 1 of the first protocol to the Convention. The case dates back to August, 1975, when Customs officers discovered the Krugerrands concealed in the spare tyre of a car at Dover.

Three men were convicted under the 1952 Customs and Excise Act of fraudulently attempting to evade a ban on the import of gold coins.

Two years later Allgemeine Gold began legal proceedings in England against the Customs, claiming to be the owner of the Krugerrands which, it said, it had been induced to part with by the fraud of two of the three convicted men.

The company's contention that it was entitled to the return of the Krugerrands under EEC law and the human rights convention was rejected by the High Court and the Court of Appeal.

One part of the company's argument was that the relevant provisions of the 1952 Act were to be construed in the light of, and subject to, the general provisions of public international law, which prohibited the unjustified confiscation of property belonging to friendly aliens.

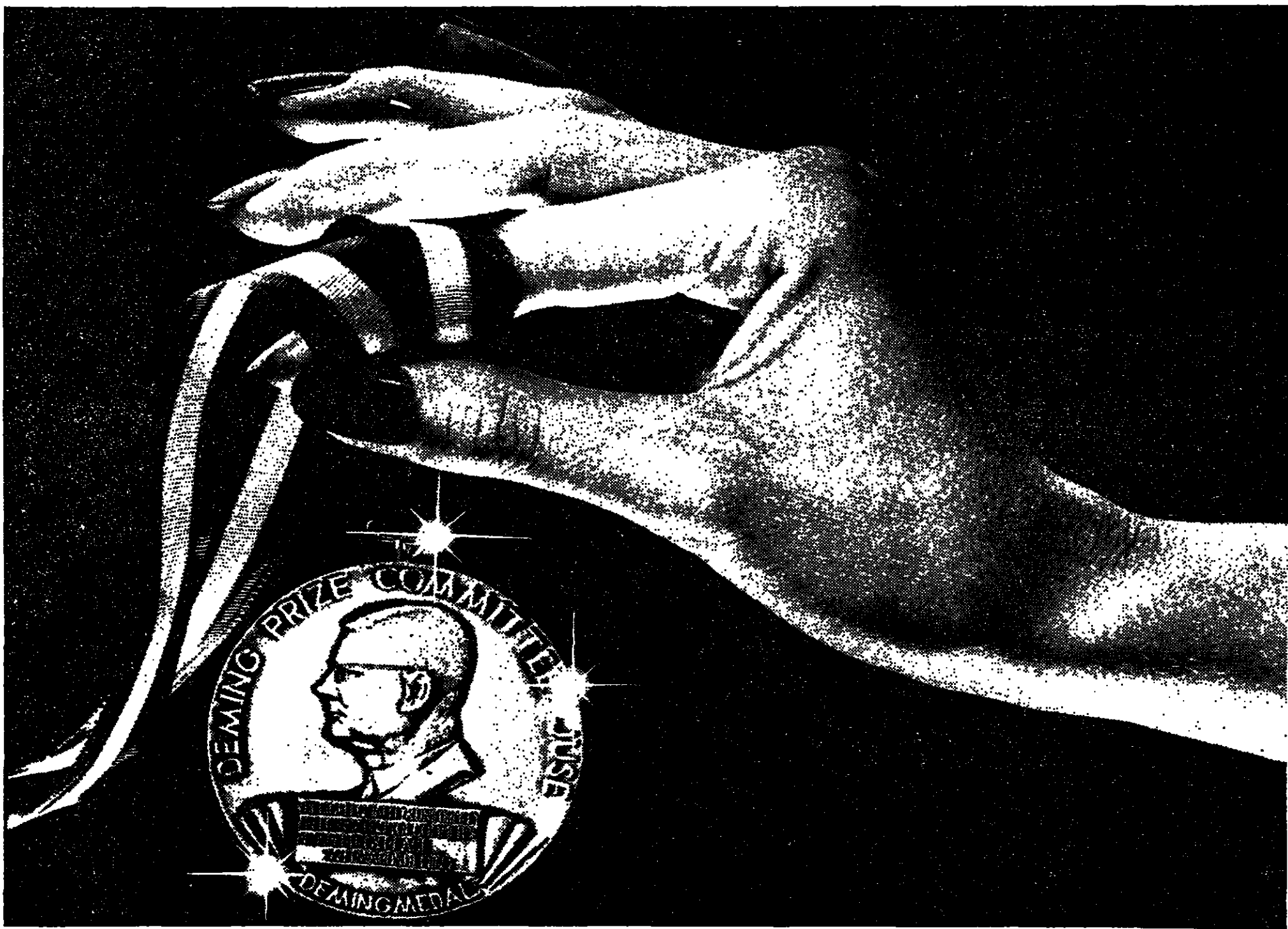
Alternatively the company argued that the Act was to be construed

ed in accordance with Article 1 of the first protocol, which provides that "no-one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law."

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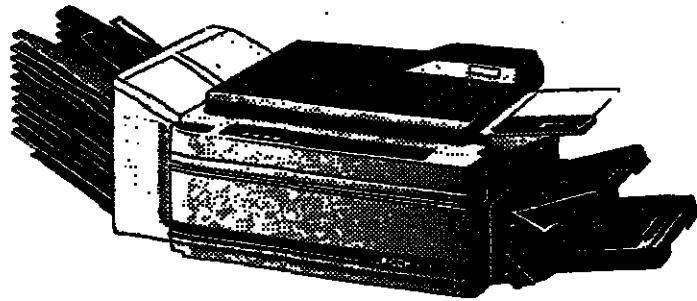
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## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Battle of the fertiliser giants

## Norsk invaders on the rampage

BY CARLA RAPOPORT

RARELY had a divorce been more welcome. When Fisons managed to sell its fertiliser division last year to Norsk Hydro, the Oslo-based energy and chemicals group, the rejoicing throughout Fisons and the City was resounding.

For Fisons, the benefits of the break-up came rolling in last week as the group announced more than doubled profits for 1982 and took the opportunity to launch a rights issue to raise £28m for further expansion.

On the flip side, things seemed to look less bright. A few days before Fisons' announcement, Norsk Hydro reported that its 1982 after-tax profits would be 20 per cent down on the previous year, at Nkr 770m (£77.6m) on sales of more than Nkr 50bn.

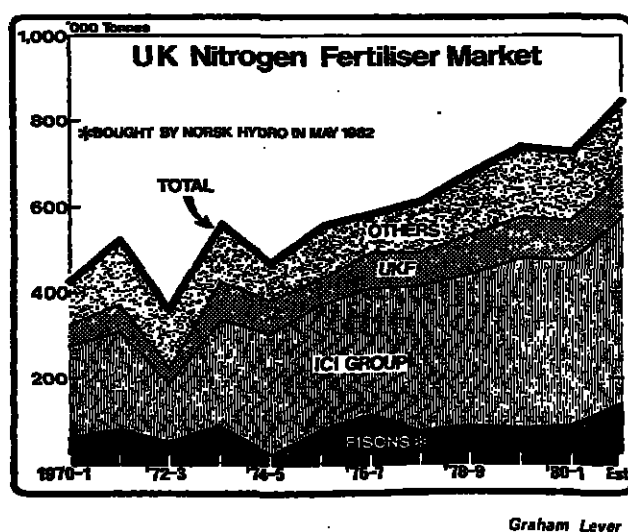
Contributing to the decline for seven months of the year was Fisons' fertiliser business. Today, however, the £200m-a-year business claims it is already back on its feet. By the end of the year, the division plans to accomplish something Fisons had been hard pressed to do since the late 1970s—turn in a profit.

The improvement, according to the people who have lived through the change in management, is due to heavy rationalisation, improved plant efficiency and a new-found confidence which comes from having a home where fertilisers can once again be king. But there is more to it than that.

Norsk Hydro, bolstered by revenues from its oil business, is ranked as one of the world's top three fertiliser producers.

"At Fisons, fertilisers were just not considered to be in the white heat of technology," says Harry Blackboro, chief of the division, who went with it when it was sold. "It's very hard to develop something like fertilisers when it is not on centre stage," he says.

Since the division, based in Felixstowe, got back on centre stage, the UK fertiliser scene certainly hasn't been the same. Imperial Chemical Industries, which for years had been enjoying a dominant position in the marketplace, suddenly had a



Graham Lever

competitor with resources rivaling its own. ICI fired the first shot as the ink was drying on the agreement between Norsk Hydro and Fisons. The chemical company dropped its prices of compound fertilisers in May and followed up in June by selling its popular nitrogenous fertilisers at prices below those it had announced previously.

"Farmers have been having a marvellous time," says Blackboro. "Prices for fertilisers today are less in real terms than they were seven or eight years ago." He maintains that Norsk Hydro is not interested in flooding the UK with its products in an effort to beef up market share, but admits that imports from the parent company of ammonia nitrates, the so-called straight nitrogen fertiliser, were significant last year.

These imports, plus the UK company's own improved plant efficiencies, have helped to win the company nearly 17 per cent of the growing nitrogen fertiliser market (see chart) compared with just over 13 per cent a year ago. So far, the squeeze has been on the smaller producers, usually family-owned companies, who can't

afford to slug it out with low-cost producers like ICI and Norsk Hydro. Still, the heavily depressed state of the fertiliser industry world-wide has meant that ICI's hold on its home market is of growing importance to the company. To date, it has only lost a point or so in market share but instead of being able to raise prices to restore its once secure margins, they are shrinking further as the price war continues to rage.

Indeed, at last month's annual Press conference, John Harvey-Jones, ICI's chairman, made a point of saying that the fertiliser business had stood up to what he called the "Norsk invasion." Profits for the agricultural division, however, which include agrochemicals and industrial gases—fell from £182m to £158m in 1982; the City estimates that a drop in profits from fertilisers contributed more than a third of this decline. Industry sources say ICI "gave away" £30m on fertilisers last year by cutting its prices.

ICI had been able to build its commanding strength in fertilisers thanks to an extremely favourable 15-year natural gas contract that allows

it to make ammonia, a prime constituent of fertiliser, at very competitive prices. When energy prices went up in 1973-1974, Fisons was caught out through its decision not to build internal ammonia capacity, and to this day the division buys most of its ammonia over the fence from ICI's plant in Inmanham.

"I believe that's the last time they'll build a plant for us," says Blackboro with a smile. The Norwegian group has a highly efficient 350,000 tonnes-a-year ammonia plant coming on stream in 1984 in the Netherlands and plans are afoot for another £100m ammonia plant to be built within the next year or so in either the Netherlands, Norway or the UK. Considering ICI's woes in its mainstream chemical divisions, ICI will be hard-pressed to match those investments over the next few years.

A slight 51-year-old with a soft voice, Blackboro insists that Norsk Hydro is not interested in using this ammonia to squeeze market share from ICI. Prices are not at a viable level; this is true from ICI to Joe Bloggs.

He says that £1 on the price per tonne of fertiliser would bring £1m straight to the bottom line and this is what he's after. Any additional capacity developed in the UK, he reckons, would fit into Norsk Hydro's general plans for increasing its sales throughout Europe.

According to those in the industry, ICI believes that these sentiments aren't worth more than an ounce of fertiliser. The chemical company is determined to hold on to its share, and win back any slippage, in the nitrogen market through aggressive pricing. The only prospect for higher prices, ICI believes, lies with improved demand.

But demand in the notoriously cyclical fertiliser business has been sick for nearly two years. The industry worldwide suffers from overcapacity, which has been aggravated by growing tendency of developing countries to build



Trevor Humphries

Harry Blackboro was appointed head of Fisons' fertiliser business in early 1980. It was painfully clear from the start, he says, that Fisons at that time was not interested in developing the business and that another shareholder, or even owner, was necessary. Norsk Hydro, one of the world's largest fertiliser producers, was Fisons' prime target for a sale. It took months of negotiations to clinch the deal, but just as it was going through last May, ICI cut its prices on two major products, thus setting off another fierce price war. Blackboro, who had expected to stay with Fisons, felt that the new conditions put him under a moral obligation to stay with his division. "Margins went right down. Our projections (before the sale) became nonsensical. I was under a certain amount of pressure from Norsk Hydro—their attitude was that if it was good enough to be sold, I should go with it."

fertiliser plants in order to supply imports.

For ICI, the renegotiation of the British Gas contract next year will be a crucial one. ICI is expected to point out that its main competition in the field, Norsk Hydro and UKF, the Dutch group, are both government-controlled companies and, as a result, it will expect the British Government perhaps to add this factor into its equation.

ICI also aims to hold onto its position through upgrading the efficiency of its ammonia production, and competitors credit the company with major advances in this field. Even so, ICI still has a number of plants which have yet to be upgraded.

At the old Fisons business, managers can still scarcely believe that they are worrying ICI. The cuts in the division's staffing have been mammoth—

by the middle of last year, the staff was down to 2,000, against a total of 4,000 three years earlier.

"The whole place has been taken apart and put together again. Our variable cost per tonne has been reduced by 20 per cent from a year ago; in fact we are producing more fertiliser than we ever have done," says Blackboro.

The company is also broadening its technical assistance programmes in an effort to win more farmers to their products. In general, marketing techniques are lost on farmers who tend to vote with their feet on commodities like fertilisers.

"We're number two, so we have to try harder," says Blackboro. Few in the industry are willing to predict who will come out on top in this battle for better margins and market share, but the winners so far, of course, are Britain's farmers.

## Computerised accounting

## Why Plessey's new maths upset its stock rating

FOR Bob Nellist, pulling together all the financial information for Plessey's annual report and accounts was a tedious business.

The information used to be delivered to the British electronic group's Ilford, Essex, headquarters in typed or handwritten form, together with the relevant audited figures on a pro-forma document. These returns, which last year added up to sales of nearly £1bn, came from 131 different reporting centres around the world in 17 different currencies.

Each set of figures had to be carefully checked — there were always transcription errors. They were then manually consolidated for the traditional announcement to the Stock Exchange at the end of June and, four weeks later — a full four months after the company's financial year-end — turned into the familiar glossy document that would be posted to shareholders.

Last year the routine changed. Everything happened a month earlier.

When notification that the group's results would be announced earlier than usual was announced at the Stock Exchange, cynical stockbrokers took the view that something was amiss. A rights issue in the pipeline? Or even a bid in the offing? In two days the shares dropped 10p to 380p and the company decided to issue a statement to stop the speculative slide.

The reason for the earlier announcement, said Plessey, was nothing more sinister than the introduction of a new computer to speed up the collection and consolidation of financial information. At this announcement, the share price edged up again and Nellist was able to get back to running the company's accounting and treasury functions.

Nellist, Plessey's deputy director of finance, had just completed an 18 month project to bring the company's "number crunching" into the electronic age using Hewlett-Packard 125 and 3000 computers. Plessey is among only a

handful of companies worldwide that is pioneering a new system of transmitting and validating financial data. It allows all Plessey's far-flung outposts to transmit financial information to head office down an ordinary telephone line via a portable microcomputer—the HP 125. To help overcome arithmetic and transcription inaccuracies, the computer checks all additions and cross-references.

Explains Nellist: "In accounting, all debits have to equal the credits. Numbers can't be put in that don't add up. Also, for example, the depreciation charge in the profit and loss account must equal the increase in depreciation in the balance sheet."

"If a mistake is made the computer tells you where the error is and how to put it right before it is transmitted to head office."

Once the information from all reporting centres has been received, a small mainframe computer—the HP 3000—consolidates all the data in about 11 hours, after which we have all the final numbers and information for the annual report and accounts. The mainframe also has the facility to validate all the consolidated information."

Not surprisingly, the new system has stripped Plessey's accounting department of many of its personnel. Before, the company employed 66 accountants and clerks; today, the total is 35, the balance having been made redundant.

Nellist describes ordinary manual accounting as "very inaccurate and time-consuming" and an obvious target for productivity improvements.

He estimates the total cost of the new consolidation system at around £600,000, a figure which includes redundancy payments. "Quite apart from the direct labour savings there is the question of audit fees. Because we need to use our auditors less, their fees last year—at £1m—did not rise for the first time ever. This year there is expected to be only a modest rise."

Arnold Kransdorff

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Switched to Formula Vee in 1972, and inside a year had made himself European Champion, picking up the Finnish and Scandinavian Championships along the way.

Keke signed a professional contract in 1974, and moved into the Super Vee class. The result was seven straight wins, and second and third place in two other races.

Made the jump in 1978 to the really big league, to Formula 1, and finished tenth in the 1980 Drivers' championship.

Keke won his first Grand Prix in 1982, at Dijon, was runner-up at Long Beach, Zolder, and Österreichring, and took third places at Zandvoort, Diepholz and Hockenheim. With these placings Keke became the 1982 Formula 1 World Champion.

Number 1 in Formula 1, 1982.

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# THE PROPERTY MARKET BY MICHAEL CASSELL

## Bank of Scotland sells Bishopsgate

THE Royal Bank of Scotland is selling its former London headquarters at Bishopsgate, City, to London & Edinburgh Investment Trust for a figure believed to be over £11m.

The sale completes the bank's recent property disposal programme in the City, which has netted it over £20m. Last year it disposed of two adjoining, freehold properties on Lombard Street at its junction with Burchin Lane for over £9m.

For London and Edinburgh, the purchase represents another major commitment for the privately owned group which has got into the front ranks of property development.

Run by John and Peter Beckworth and ably assisted by the likes of Nick Sheehan, a former Knight Frank and Rutley man, London and Edinburgh has an action-packed programme underway.

The freehold, Grade II listed Bishopsgate building is to be refurbished to expand net floor-space from its present 20,000 sq ft net to 31,500 sq ft. The result should be an uplift in value to around £18m. Drivers Jonas acted for the Bank while Wright Olphant Tribe and Hillier Parker represented the buyer.

Last month, London and Edinburgh's Second London Wall subsidiary bought, with London and Metropolitan — the joint venture company with Balfour Beatty — the Grace-

church Street, City, building of Midland Bank International. The £30m purchase was funded by Societe Generale, who will occupy the building as their new UK headquarters when a refurbishment scheme adding up to 18,000 sq ft of floorspace to the existing 60,000 sq ft is completed.

London and Edinburgh is also, with S. and W. Beristford, due to start redevelopment of the Billingsgate market site. A planning go-ahead was given just before Christmas and work is due to start this year.

Further afield, the London and Metropolitan partnership has just paid over £5m for the Champion Sparkplug factory site opposite Hatton Cross tube station close to Heathrow airport.

A planning application has gone in to redevelop the 54 acre site, involving 79,000 sq ft of high-tech space. A separate 30,000 sq ft office building will be occupied by Balfour Beatty. Champion is moving out altogether, leaving its one-year old headquarters building on the market through Richard Ellis at £11.50 a sq ft.

London and Edinburgh has also been active through Macwall, its joint venture with Tarmac, and is now engaged on the redevelopment of the former Reckitt and Colman site in west London, where Fleming Property Unit Trust is also involved.

## CU lets City space

THE letting of 88,000 sq ft at Commercial Union's St Helens Underneath headquarters in the City of London has got off to a good start. Even before official marketing gets under way, tenants have been found for three of the eight floors being vacated by the insurance group.

Agreement has been reached with three existing CU tenants who are expanding their operations and who between them require an additional 33,000 sq ft in the St Helens Underneath offices. Talks are also understood to be taking place between letting agents Richard Ellis and one or two other likely new tenants.

Rents agreed so far are just under £30 a sq ft, even though a building of this quality in one of the City's best locations might normally have been expected to breach the £30 a sq ft barrier.

But the rentals achieved are not a true test of the market or of the building as they take account of a rent review which falls due towards the middle of next year and which has clearly inhibited the outcome.

Commercial Union is expecting to start vacating the space later this year. The group which has suffered heavily from underwriting losses, is moving large numbers of its London staff to cheaper accommodation in Basildon and Croydon.

## GLC comes to the rescue for Regional

THE Greater London Council is not every developer's idea of a good friend but Neville Conrad and his colleagues at Regional Properties must feel differently, following the GLC's decision to take the group's entire Vauxhall Cross office and industrial complex.

The scheme, on the south bank of the Thames and up river from County Hall, is one of the nicest-looking office developments in London but Regional must have been getting more than a little concerned about the time it was taking to find a tenant.

But the GLC's architects and housing departments, together with its direct labour building operation have come to the rescue and agreed to take the lot for an annual rent of £785,000, close to the asking

figure. Richard Ellis and Henry Butcher acted for Regional.

There is a 20-year lease with five-year rent reviews and the GLC (which hopes to be around for 20 years), intends to move in immediately. The self-contained office accommodation offers just under 48,000 sq ft net of floor space and the industrial section provided a further 78,000 sq ft.

Regional's shares have reacted happily to the good news, though there is a suggestion that their strength may also have something to do with a possible bid from Friends' Provident Life Office, a major shareholder. Given they nearly have control, it would take some major misgivings about the group's present performance to inspire a move for the balance—especially at the current price.

## New Palumbo opponent

THE Greater London Council has joined the City of London Corporation in opposing the 350,000 sq ft Palumbo office scheme at Mansion House and GLC officers are now expected to give evidence at September's public inquiry.

GLC development planning panel chairman George Nicholson said yesterday: "The City has suffered enough from old buildings on

a human scale being replaced by enormous monstrosities."

Eagle Star Properties has paid Colne Valley Investments £41m for an 11-acre freehold site at Junction 14 of the M25 London orbital motorway, which in 1985 will connect with Junction 15 and the M4. CVI has leased back some 100,000 sq ft on 41 acres, and Eagle Star will develop much of the rest for industrial and warehouse use.

## All set at London Shop

McLEOD RUSSELL didn't know what they were talking about," says John Hugh Jones, "wanting London Shop to buy at yields of 8% to 4 per cent. Over the past two years, retailing has been going badly wrong where the rents are highest."

It has been a turbulent two years for London Shop Property Trust—since the McLeod Russell "dawn raid"—but Hugh Jones still presides comfortably over a company which invests in secondary shop property—but which has also trebled its capital base to something over £100m, an achievement with obvious implications for its future dealing and development prospects.

Consciously or not, Hugh Jones takes a belated swipe at Rosehaugh's Geoffrey Bradman for his criticism of the London Shop-Beaumont merger as being "more of the same," saying "as a deliberate policy, we are going less for income and more for capital growth."

London Shop's investment policy has evolved with its size and its increasing safety from attack. "When we raised the 9 per cent convertible—which is when the company was a potential takeover target—we said we could invest at 9 per cent and we did," says Hugh Jones. "Income has increased since then, so the capital value has gone up."

John Burland, a senior partner of Knight and Co. advisers to London Shop, elaborates: "We have increased the return on that money to just under 10 per cent so far, when we

13.12.80 McLeod Russell, plantations to packaging, acquires near-15 per cent stake (subsequently 20 per cent).

13.12.80 Revaluation pending.

8. 4.81 £4.87m convertible rights issue, McLeod Russell not amused.

11.12.81 Merger agreed with sister company, Beaumont Properties. Rosehaugh granted option over 22 per cent of London Shop, wants merger talks.

6. 1.82 Rosehaugh bids 135p a share, subsequently raised to 150p.

13. 1.82 Beaumont merger gets go-ahead, Rosehaugh foiled.

15.12.82 London Shop raises £10m 12½% mortgage debenture stock 2015/2020.

9. 2.83 Rosehaugh sells to "number of institutions."

deal with reviews over the next two years, it will be over 11 per cent."

But what of the risk? "High yield shopping is management intensive," says Hugh Jones, "and we've been managing it for a long time." In the year to April last London Shop's revenue was £64m; its bad debt provision £35,000; its actual write-off only £8,000. Looking at it another way, the current rent roll is £81m, voids are £196,000 but deals not yet completed account for £68,000 of that figure.

Now he can afford to come down the yield scale—"more situations with the pay-off in five or ten years' time." Bought at 7 per cent, a property could go up to a 10 or 12 per cent

running yield but still be sold at 7 per cent—indicating a 40 to 70 per cent capital gain—if it was originally well chosen.

London Shop has quite a lot of money in the kitty. Main components are the debenture issue, disposal of some £4m since the Beaumont merger and backing lines of £9m. "Today we could spend close to £18m," says Hugh Jones, "and the larger the lump the better."

The next logical step is for London Shop to move into development on its own account. It is already doing so, with a small scheme in progress outside Reading. Another is waiting for the local authority imprimatur in Leeds and there are development situations dormant in its own portfolio.

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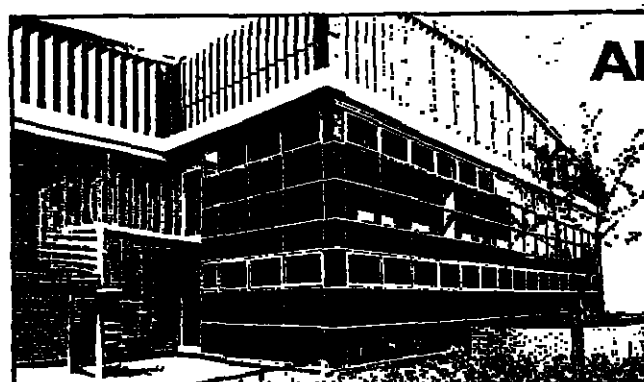
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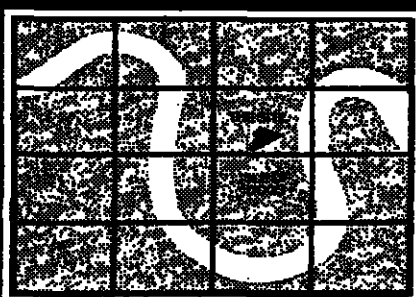
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## A FINANCIAL TIMES SURVEY OFFICE PROPERTY

The Financial Times proposes to publish a Survey  
on the above. The provisional dates and editorial  
synopsis are set out below.

PUBLICATION DATE: MARCH 25 1983  
COPY DATE: MARCH 15 1983

1. Introduction The recession has turned the office property sector into a tenants' market. Major centres are carrying large over-supplies of space and any significant upturn in overall demand over the medium-term looks unlikely.
2. Rental Levels Rents in most office centres have recorded minimal growth and continued to lag behind the rate of inflation. Prospects for growth in 1983.
3. Investment The office sector's declining performance has provoked a major rethink about its relative merits as an investment option. Only selected markets are commanding prime yields, which have begun to rise.
4. Development The level of office development in principal centres remains high as schemes in the pipeline are completed but prevailing demand for space has led to the shelving of many proposed schemes. Those developments going ahead are at least taking advantage of low building costs, which should make competitive rents possible.
5. Design Trends
6. Office Technology
7. Relocation
8. Planning

The remainder of the Survey will provide detailed market reports on the following major office centres: (a) City of London; (b) West End of London; (c) Birmingham; (d) Manchester; (e) Bristol; (f) Swindon; (g) Glasgow.

For further information please contact:  
Tim Kingham on 01-248 0769

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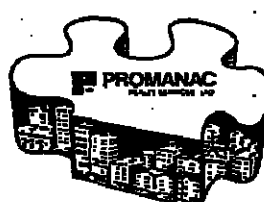
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# FINANCIAL TIMES SURVEY

Friday, March 11, 1983

## Property in the North West

The North West reflects two features of Britain's industrial property market possibly more clearly than any other region: the interest in freehold purchase and alterations in demand for certain types of leasehold

### Marked variations in demand

BY NICK GARNETT, Northern Correspondent

ANYONE WHO had a mind to do it could find a high vantage point near the edge of one of the big conurbations and take a glance with a pair of powerful binoculars at the North West's industrial and commercial property market.

He would see more empty industrial properties than last year, more dereliction and a greater number of very big factories and mills falling into disrepair but he might also see evidence of a little flurry of activity among small new units on some of the better estates and might see one of the large relics of a declining manufacturing industry now housing the trucks and other tools of a distribution company.

Alternatively he might stroll into some local authority planning departments to study the impact of big development projects on the property market. Some, like the Morecambe Bay gasfield have already arrived. Others like the proposed Cumbria process park and the two new enterprise zones in Lancashire and West Cumbria have yet to come to fruition.

Perhaps he would visit Merseyside which is the epitome of industrial contraction but also of entrepreneurial zeal among the beehive units of the two-man business.

Media advertising will tell him a lot, too, whether it is the property adverts of the area's three new towns which constantly pepper evening television or a smart brochure advertising a 60,000 sq ft property in Cheshire at 50p per sq ft.

coach house and wine cellar, rent and rate free for a year. The first crude guide to the market are the statistics. King and Company's industrial floor-space survey for the beginning of this year has a conservative estimate of almost 30m sq ft of units of 5,000 sq ft and over available in the recession-hit North West, excluding multi-storey mills.

The survey shows that the 11 per cent growth of available property in the region in the four months to the end of last year was the second highest in the UK, outstripped only by the large rise of almost 30 per cent in the North East.

#### Latest trends

This came after a dip in the amount of available factory space and agents say part of the lurch upwards again was caused by some big mill properties coming back onto the market.

There are some discernible trends in what is generally a flat industrial property market.

1—The North West reflects two features of the national property market possibly more clearly than any other region: interest in freehold purchase and alterations in demand for certain types of leasehold.

Development organisations still receive far more inquiries about leaseholds but most property agents say demand for freehold purchase has risen markedly although there is more reluctance to taking long leases and a lack of certain types of freeholds.

Industrial property users who are in a position to buy freeholds — and cheaply in the present market — want to do so. It gives them a potentially saleable asset and they are free from rent reviews over which they would have little control.

Companies starting up with little capital or moving to the North West but unwilling to commit capital on a new venture are now tending to look for short leases of between one and five years. Alternatively they will try and obtain a "break clause" in the lease.

2—Location has become a virtually all-important issue. For 500 sq ft starter units a prime factor is their proximity to the homes of the people who will work in them as well as the premises' security. For small units of 1,000 sq ft upwards, suitable for businesses which have already established themselves, closeness to motorways can be crucial. This is a feature which is important for Greater Manchester and has been seen in the success of shifting properties near the new M602 and M63 extensions.

Communications are a strong point for the North West. As a whole it has a greater concentration of motorway links than anywhere else in the country as well as the most important airport outside the South-East.

3—There is now of course marked variations in demand. At one extreme, advertising new small workshops in Tottel, Liverpool, has been halted because inquiries have inundated the developers. At the other end of the spectrum, rents for empty multi-storey mills has plummeted to an all-time low of 10p per sq ft in some parts of Lancashire.

In between there is a whole range of activity dependent on the kind of property, its size, location and the luck of its owner. New units of up to 2,500 sq ft in the Salford and Trafford

enterprise zones for example have been moving quite quickly. Rents for modern units on the outer edges of the zones however have come down to under £1 per sq ft in some places to keep them attractive as against the higher-rented but rate-free properties in the zones.

There is some resistance from developers to building units of around 500 sq ft because of worries about potential profit growth. Some properties of around 1,000 sq ft sit on the market though because they are too big for many company start ups.

Some warehousing units of up to 140,000 sq ft are finding buyers and there have been numerous industrial company relocations involving factories in the 15,000 to 60,000 sq ft range. There is a lot of property on the market though in the 20,000 to 40,000 sq ft category. The trend of mill conversions appears to have become less popular but some of it is still going ahead. One 400,000 sq ft mill in Stockport has recently been sold for £300,000.

The scramble to offer special assistance from rent-free periods to capital allowances and help with rates continues unabated.

4—The three new town development corporations — for central Lancashire, Skelmersdale and Warrington — have provided one of the few motors for relative employment stability. The science park at Warrington — one of the first of its kind in the country — is a high technology haven in a region generally slow to set them up.

The recession has made its presence felt on the new towns, however. The performance of one of them over the past year was described by a chartered surveyor as poor given the weight of advertising money and other benefits it has on hand. English Industrial Estates has been concentrating its activities on Merseyside but it has also been building units in Lancashire, Greater Manchester and Cumbria and is involved in a small high technology development at Cockermouth.

5—For office property, rents

are around £4.75 per sq ft for the best commercial property in Liverpool and £5.50 in Manchester where in a few instances however the 28 barrier has been breached. In Wilmslow, close the picturesque Cheshire countryside, south of the Manchester conurbation, rents of £7 have even been achieved.

A dual market is now developing in some of the larger commercial property areas, with considerable interest in new developments in striking contrast to the paucity of inquiries for older property.

6—For office property, rents

### More inquiries for new, small industrial units

#### GREATER MANCHESTER

really has not been translated into real business. More big mill-style properties have slipped onto the market though purchase of these for breaking up into smaller refurbished units and has become less of a force in the property market.

The Greater Manchester Economic Development Corporation's property register

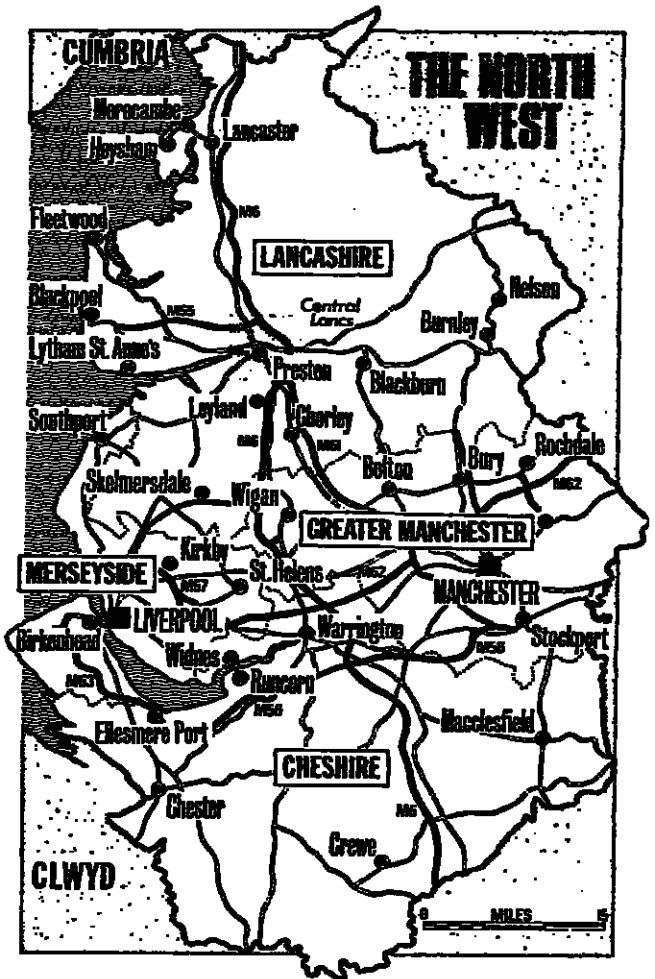
which uses information from 150 agents is now being computerised, but it is estimated that the register includes about 1,800 available industrial properties with a total floor-space of about 23m sq ft. It is a daunting figure of the three-quarters of the properties already on the computer register, there are more than 60 above 50,000 sq ft and almost 300 each in the sizes 10,000 sq ft to 50,000 sq ft and 5,000 to 10,000 sq ft.

The special difficulties in

moving properties in Oldham and Rochdale, and the size of many of the older mill properties in districts such as these are underlined by the figures. (For example Oldham with 77 properties on the register has little more than half those on the register in Stockport, but the total floor area this represents is 1.7m sq ft as against 1m in Stockport.)

Nevertheless, there is some movement in the northern and traditionally difficult eastern sides of the conurbation.

CONTINUED ON NEXT PAGE



## Richard Ellis North West

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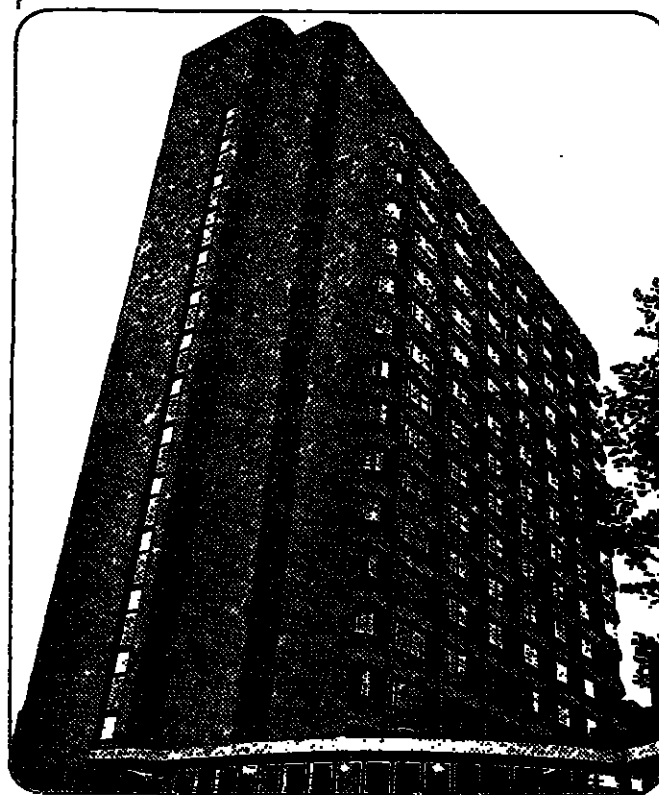
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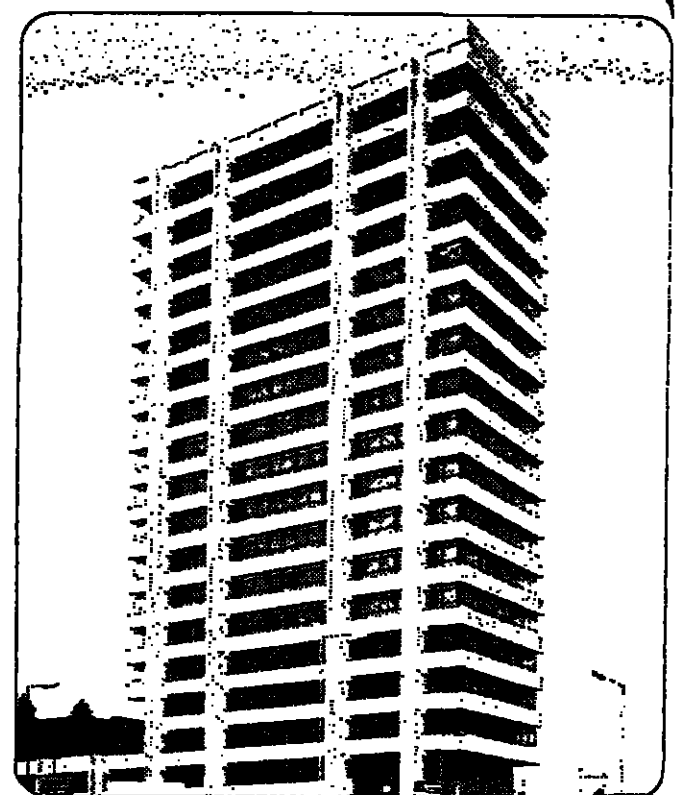
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## PROPERTY IN THE NORTH WEST II

The region's industrial property market 'remains virtually flat'

## Commercial sector moving slowly

THE BLACKENED, derelict frontage of Liverpool's once-splendid Exchange Hotel is an ugly marker to the end of the city's commercial sector. It occupies a whole 140-yard block, plugging a gap between the modernity of the Northern Unit of the Stock Exchange in Silkhouse Court and the beginnings of the visually miserable inner city district of Vauxhall.

Behind it, National Car Parks piles its trade on what was once the principal commuter railway terminus of Exchange Station, screened from the empty hotel by white hoardings covered with name and logo of the hotel's new developer, English Industrial Estates.

The hotel is being converted into an office block at a cost expected to reach £15m. The Department of Industry is paying Bill Locke, regional estates manager for EIE, says: "It's obviously a substantial risk for the Government because it's a very big scheme. But it will have advantages over every other type because of substantial on-site parking and an adjoining landscaped park. The office space itself will be modern, totally flexible and suitable for anyone's needs."

The scheme will be ready in 1985 and Mr Locke expects to be able to get top rents—now at £4.75 per sq ft for the best commercial property in Liverpool, with £5 a little more

generally in sight than it was a year ago. Such levels of income, provided the building can be let, would give the Government an annual return of about 5 per cent for its outlay.

But why should EIE, which has hitherto been associated only with advance factory units, now be moving into commercial office property? One reason is that no private developer has been willing to take on the Exchange Hotel and station site. Another factor is that there are important social and environmental reasons to remove such city centre dereliction.

## Explanation

Moreover, Mr Locke says: "We felt that our historical activity was not going to give us a good enough return. Going into the commercial sector gives us a means of spending money effectively and utilising our professional skills."

Thereby hangs the tale of the Merseyside property market in 1983: the industrial sector continues to be virtually flat as a pancake; the commercial sector moving, albeit very slowly, and

everyone in the business is now predicting a serious shortage of good office space on Merseyside by the time the Exchange Hotel is ready for its first tenants.

What is happening in the industrial sector is a grim consequence of recession in one of the hardest-hit regions in Europe. For all practical purposes there is no growth in the large and medium-sized markets. Indeed, as industrial contraction continues, so that more disused factory space comes on the market every month, the appropriate question is not so much, "Is there growth?" but, "Is there life?"

To answer the question one must look at the newly-created kindergartens for infant businesses—the tiny industrial units and the workshops that have been multiplying in the past two years.

British American Tobacco's New Enterprise Workshops set up in an old transit shed on a derelict Toxteth dockside and opened in January with more than 30 small businesses already filling half the units. The management had stopped

## MERSEYSIDE

advertising to fill the rest because it was already inundated with inquiries. One company has already grown enough to move out into a small advance factory.

The Merseyside Development Corporation (MDC), which contributed the building and gave financial help to the BAT project, is now getting the fabric of other old sheds into shape for similar types of conversion. In Birkenhead, the Unilever-backed In Business centre has a smaller successful version of the workshops approach in an old inner city school.

It is from these beginnings that it is hoped eventually to fill the hundreds of empty factories that are just too large for fledgling companies to be able to afford at present.

Much of the relatively new, empty space is what Mr Locke calls "historical stock that is very sticky on the market." It ranges mainly from 2,500 sq ft to 7,500 sq ft in size and he

reckons there is at least 10 times more of it than anyone wants. It was built on the assumption that if it was there someone would want it. The experience has been a bitter one for all concerned.

What are also being taken up are 500 sq ft units for one- and two-man businesses, though even these have to be in the right location, which means being relatively secure and near where people live. The MDC, which built several of them on an isolated street corner in Bootle, is finding out the importance of this to its cost, although chief executive Basil Bean says that there has been a flurry of interest in the past few weeks.

Most 500 sq ft units cost the tenant about £30 a week all in. The price doubles with doubling size, but EIE says that even its 1,000 sq ft units are sticking because they are too big for starters.

Simplified rents and leases are a critical part of the marketing formula: gone are the inflexible notions of local authority bureaucrats that had companies committing themselves to 24-

year leases and restrictive assignment clauses—and if they have not gone, then neither have the properties they relate to.

This in itself is causing management problems, however. Someone has to keep on top of rent collection and see that covenants are observed, an aspect to modern estates management that has taken people by surprise and that EIE has had to increase staff to deal with.

Another problem is security, which is more difficult with lots of small units than with fewer larger ones. An estate of small EIE factories and Beehive Workshops in the Speke Enterprise Zone, for instance, has just set up a communal security system to protect itself against vandalism and theft.

Mr Locke says that EIE's recently established role of complete marketing management of industrial property is now ensuring a coherent policy for future development. Nothing is built now unless there is a good prospect of letting it.

Ian Hamilton-Fazey



Part of the site behind Liverpool's once-splendid Exchange Hotel which is being converted into a 15m city centre office block by English Industrial Estates

## Centre of substantial investment

THE TRAUMA of surviving the loss of more than 8,000 steel industry jobs, compounded by contraction in textiles, heavy engineering and—in an earlier phase—coalmining, will continue to leave its mark on Clwyd. It cannot be blamed on lack of will or initiative by authority, local or national.

much of Clwyd's modern industrial development is backed by public sector funding—that the county is still grappling with the reverberations of such a severe rundown of traditional industry.

Spearshead in terms of new bricks and mortar by the Welsh Development Agency, reinforced by active marketing and other practical initiatives of county and district councils, as well as by British Steel, Clwyd has been at the centre of substantial new investment and an urgent industrial construction programme. Some of the county's physical scars have disappeared and more are about to do so.

It is not the only area, however, to have found that months of hard-work progress can still be eroded by a single day's redundancies. On the positive side, the county's record is as good as any in winning new industry, including what is probably an above-average quota of high technology ventures.

More than 250 new companies have located in Clwyd over

the last five years but, as Richard Summers, co-ordinator of Deeside Enterprise Trust, explains, the flow of inquiries for sites for sizeable self-build factories has tailed off compared with four years ago, simply because there has been so little footloose industry about.

This has resulted in a far greater level of units in the 3,000-5,000 sq ft band, plus the occasional 10,000 sq ft. There are notable exceptions, among the most recent Deeside Titanium and the new 21m Corning Glass-BICC enterprise, Optical Fibres.

## DEVELOPMENTS IN CLWYD

Most of industrial Clwyd has Special Development Area status and the county shared in the peak level of new construction by the Welsh Development Agency in the year to last March when 30 per cent of its advance factory space completed during the period was in areas hit by the big BSC rundown. In less than two years the WDA has completed more than 1m sq ft of new spaces in Clwyd. Deeside Industrial Park, jointly developed by ESC (Industry) and the WDA on a 300-acre greenfield site, and Wrexham Industrial Estate are a strong focus of the new Clwyd, reinforced by a wide choice of other locations throughout north-east Wales.

Deeside Industrial Park has been chosen for the first advanced technology centre of its kind to be built in Wales.

Tom Heaney

## Demand for smaller factory units

tion. Of the 350,000 sq ft of industrial premises at Westwood industrial estate purchased by Oldham Borough Council two years ago, only 33,000 sq ft remains. Ellen-road Mill has just moved there though this is a relocation from Rochdale.

In Tameside, Nordsea Gas Technology is moving to a new 14,000 sq ft factory on the Globe Lane estate at Dukinfield.

Manchester itself with 350 properties providing 5m sq ft so far tabulated on the register has by far the most

property available. Despite this generally gloomy picture, there are a bright spot, reflected in the wide range of take-ups of property over the past year or so.

Dunlop Heywood has sold a 400,000 sq ft mill in Stockport for £300,000 which is being

broken up into refurbished units. A 20,000 sq ft property has been let to a food manufacturer in Wigan. At one site in Downing Street, central Manchester, over 30,000 sq ft was let last year at rentals of £2.20 to £2.50 per sq ft whereas at Whitefield, 174,000 sq ft has gone at £1.94 to £2.12 per sq ft.

Properties at the Lynton estate at Eccles have gone for rents of £1.75 to £1.95 per sq ft.

GMEDC has had some success at its four main industrial estates. At Bredbury, Stockport, which has been developed in co-operation with Stockport Borough Council, part of the estate's development is being handled by the industrial and commercial finance corporation.

Kilburn Direct took 16,500 sq ft in Manchester last year and is now seeking 25,000 sq ft for an industrial unit. At the higher technology end VG Analytical are due to move into 5,100 sq ft in Wythenshawe.

There are still shortages of mini-units in some areas though there has been a number of new developments of these, including those by English Industrial Estates at Bury, Denton and Prestwich among other centres.

The enterprise zones at Trafford and Salford have shown considerable activity,

particularly for units close to the new M602 extension. This includes the King William Enterprise park where units appear to be moving quickly.

However, the debate about the value of the zones continues. A considerable proportion of companies moving in have simply relocated from the edges. They have also depressed rents for buildings just outside the zones which can sometimes be bad for £1 per sq ft or less for a relatively modern medium-sized unit.

The move of manufacturing companies out of premises to be reoccupied by warehousing or distribution services goes to show that the latter represents a growth sector in some areas.

Gallagher recently took three acres of land at Bredbury for warehousing. Kodak has leased a 40,000 sq ft warehouse at Wythenshawe and British Road Services has taken up 32,000 sq ft at Trafford.

New developments have been tapering off but there are still plenty about. Richard Ellis are letting agents for a number of the major developments, including 20 acres on the South Lancashire Industrial estate with the Prudential, Southside One at Bredbury and the Stockport trading estate, the latter two

with ICFC involvement.

The uptake in the office property market, however, remains slow and in some of the conurbation's main population centres letting signs proliferate.

On the other hand, the £5 barrier has been comfortably broken and one or two principal developments that have been hanging rather like dead weights in the market have seen their first tenants.

Bernard Thorpe's annual property report says there is now a dual market in parts of the conurbation with considerable interest in new developments in marked contrast to the paucity of inquiries for other types of property.

Areas to the south of Manchester, and with lower rates than the city are still proving popular. One chartered surveyor's report however says that last year, for the first time in recent years, suburban Manchester has attracted fewer lettings than the city centre.

Queen's Court in Manchester with 11,400 sq ft still remains empty but the 112,000 sq ft Heron House has attracted its first tenant—National Westminster Bank which is taking 15,000 sq ft of it.

Nick Garnett

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## PROPERTY IN THE NORTH WEST III

Projects such as the £1,000m development of the Morecambe Bay gasfield and the new enterprise zone planned for North East Lancashire, could provide much-needed boosts for the county's economic expansion

## Potential springboards for short-term growth

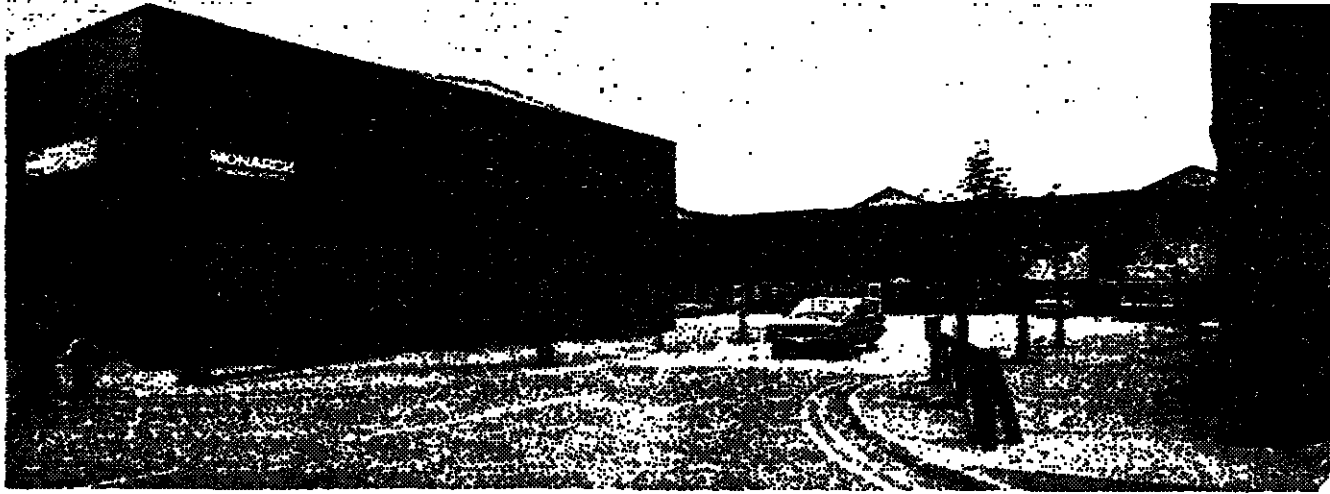
## LANCASHIRE

NEW TOWNS apart, the two main potential springboards to economic growth in Lancashire in the short-term are the £1,000m development of the Morecambe Bay gasfield by British Gas and the new enterprise zone to be based on North East Lancashire.

At the same time the embryonic Lancashire Enterprises, set up by the county council to spearhead its industrial and training initiative, is starting to make its presence felt. Identifiable a little further towards the horizon are several major projects, including redevelopment of the extensive and now defunct Preston docks complex.

Meanwhile, the accelerating decline of the Lancashire textile industry and closures and redundancies in other recession-hit industries have left the industrial North West generally with a formidable legacy of vacant industrial floorspace as well as substantial unemployment. Rent levels starting as low as 10p sq ft for ageing former multi-storey mills underline the scale of the problem.

Manchester agent W. H.



The Monarch Trading Estate at Trafford Park, Manchester, built in 1979 by Estates Property Investment Company (EPIC) and situated in the Trafford Park Enterprise Zone, this 24-acre development is notable for its distinctive styling and attractive courtyard layout. The ten units ranging in size from 3,800 sq ft to 8,000 sq ft and totalling 55,000 sq ft in area, are fully let

Robinson has recently pointed out that in 1982 vacant mill properties plunged to record low values, with tenants invited to name their own terms and six-figure reverse premiums not unknown. Another Manchester agent, Dunlop Heywood, cited a recent auction sale in which three mills were sold for between 25p and 50p sq ft capital value for subsequent demolition, owner-occupation and break-up.

With private sector forward funding of speculative development muted, it has been left to English Industrial Estates to generate most activity in new industrial building in the region's assisted areas, reinforced by a wide spread of local authorities involved in a variety of initiatives.

Expectations of spin-off benefits in the exploitation of Lancashire's sizeable offshore

gas reserves—estimated at five trillion cubic feet—are lifting hopes in towns fringing Morecambe Bay. Last summer British Gas named its preferred locations for onshore support services, including Heysham as its base for production drilling and operations and Fleetwood for exploration drilling.

With its ability to offer 24-hour deepwater availability, Heysham was the larger prize and this has been reflected in a quickening tempo of interest in industrial development in the area. Incoming tenants include several offshore-related subsidiaries of Aberdeen and Great Yarmouth companies.

In April English Industrial Estates will complete 32 five units at Caton Road, Lancaster (funded by Barclays Bank), where the city council has also purchased most of the former Lagail (British

Celanese) site and is removing old buildings and putting in roads preparatory of offering freehold and leasehold industrial sites.

The council is also reclaiming part of the 290-acre site of the former refinery at Heysham which it bought from Shell and ICI for £1.5m. Heysham already the focus of nuclear power station investment of the Central Electricity Generating Board totalling around £2,000m. EIE reports active interest in a 10,000 sq ft factory it has built on Lancaster's White Lund estate. It is also involved in discussions with Lancaster University about locating a small hi-tech development on the campus.

Fleetwood has built in facilities to provide strong support for Heysham and can offer a good supply of modern industrial units. English Indus-

trial Estates is building 36 small units in north Blackpool and a key 70-acre site—the largest available anywhere in Fylde—as the terminus of the M55 is shortly to be transferred to EIE under a development scheme initiated by Blackpool and Fylde councils. Meanwhile, Blackpool airport has been named helicopter support base for the Morecambe gasfield.

Before the end of its first year of operation Lancashire Enterprises has claimed the creation or saving of more than 2,000 jobs and members of the county council were told last month that through business promotion, building renovation and conversion, and training and research the organisation had provided "a welcome shot in the arm" for the county.

Lancashire's first enterprise zone is to be based on four adjacent authorities — Hynd-

burn, Burnley, Pendle and Rossendale—to form a single cohesive development spanning around 200 hectares. In terms of off-the-peg new buildings the sub-region has little to offer at present, but EIE is stepping up its involvement in the area. At Accrington, construction of 27 small units is well under way, a 21,000 sq ft factory has just been completed at Blackburn and EIE is involved in 17 advance units at Burnley. In the past six years North East Lancashire Development Association has recorded a take-up exceeding 8m sq ft of industrial floorspace in its area, much of it in former mill premises doing little to brighten its environmental face but often seeming a blessing in disguise at a time when many companies are being forced to practise overheads as never before.

Tom Heaney

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## Enterprise zone sparks interest

## CUMBRIA

NEW industrial construction in West Cumbria, where the coastal strip between Millom and Silloth has development area status, is concentrated largely on small units being built by English Industrial

Estates. The recent announcement that Cumbria's first enterprise zone is to be based on Workington has given a fillip to the area and "a lot of interest" is reported in a 14-unit workshop development, already pre-let, which EIE is currently completing at Clay Flatts, Workington. Rents work out at £25 a week for 500 sq ft and £55 for 850 sq ft. At Barrow the asking rent for modern terraced units of around 3,000 sq ft is £150 sq ft.

West Cumbria has traditional estates on well-established sites at Lillyhall, Workington, Cleator Moor and Maryport as well as at Barrow. This year EIE plans a start on a small hi-tech development at Cockermouth and new workshop schemes at Whitehaven and Barrow. It is also poised to make a sizeable investment in the new enterprise zone at Workington and Maryport.

These, along with Development Commission work in rural areas, mean that starts on EIE projects costing more than £2.75m are in the pipeline for Cumbria over the next 12 months. Cumbria County Council is looking at the possibility of setting up a chemical industry park in West Cumbria.

Projects aimed at revitalising job projects in rural areas of depopulation have been completed and are largely occupied at Appleby, Tebay, Ambleside, Brough, Longtown, Brampton, Millom, Carlisle, Froghburgh, Wigan and Kirkby Stephen. A further 29 sites are being investigated and over the next three to four years 89 more units are planned for rural locations. Altogether, EIE can claim a portfolio of well over 2m sq ft in the county ranging in unit sizes from 500 to 100,000 sq ft. Although the emphasis of new industrial construction is on

nursery-scale developments, Cumbria is also at the centre of some very large capital schemes. The biggest is the ambitious plan of British Nuclear Fuels to invest £2,000m over the next 10 years at its re-processing plant at Sellafield on the West Cumbrian coast. At Barrow, the planning go-ahead has been given to Vickers for phase two of a covered ship-building facility costing £180m. Funding has yet to be agreed.

Barrow also fills a key role in the £1,000m Morecambe Bay gasfield exploitation by British Gas. It is the site of the onshore reception terminal for supplies and the centre of most onshore work so far.

The 86-inch pipeline between the drilling area 25 miles out in the Irish Sea and the shore has been laid. The Walney Channel has been crossed to reach the reception terminal, and work is well advanced on the pipeline which will carry the Morecambe Bay gas to link up with the existing national transmission system at Lupton where it will be blended with north North Sea gas flowing southwards.

An estimated 150 of the 220 jobs generated by the construction stage of the onshore terminal at Barrow have gone to local people. Although permanent staff needed to run the terminal when it comes on stream will be relatively few the Furness area is optimistic the overall spin-off will be of continuing benefit to its economy and a stimulus to wider industrial development locally.

As part of the construction stage of the onshore terminal Barrow-based Vickers Engineering won a £1m-plus contract for a slug-catcher and British Gas estimated last summer that more than £1m had by then been spent on a large number of

service and other contracts placed with firms in the Barrow area.

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## Plans for hi-tech business parkland

## CHESHIRE

ONE OF the more imaginative projects under discussion in Cheshire is the concept of a 136-acre hi-tech business parkland in the splendid Roman city of Chester, truly as remarkable a juxtaposition of AD-70 and late-20th century as might be conceived.

Sir Alfred McAlpine expects to win planning permission in principle soon for a scheme which envisages the creation of up to 2,000 jobs. Outline plans, according to McAlpine, offer the highest ratio of open space to commercial accommodation presently available on any comparable UK development.

Lakes, nature trails and recreational facilities would be incorporated in a development transforming "a somewhat bland and featureless stretch of terrain" alongside the city's southerly bypass.

Cheshire is also the home of heavy industry and the county is concerned with a threatened major decline in its sizeable chemical activity. A recent study diagnosed the causes as recession, spare capacity in existing plants elsewhere in the UK and Europe, a major shift in location of new primary chemical activities to Scotland and the North East influenced by North Sea gas and oil, and lack of suitable and available sites for even the limited growth which the North West's chemical industry generally might expect.

The moral pointed by the study was that more potentially suitable sites should be identified—the possibility of major new petrochemical complexes spreading themselves over 2,000 acres is discounted, but a need for small to medium-sized sites in the 100-200-acre band is not ruled out—and that further development should be encouraged.

The Burmah refinery is no more, but both UKF and Shell

CONTINUED ON NEXT PAGE

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## PROPERTY IN THE NORTH WEST IV

## There are conflicting views on the prospects for the new towns of the region, as Nick Garnett reports

THE FAILURE of the economy to move out of recession has continued to bring into prominence the voices at each end of the opinion divide on the activities of the special development corporations. Some say they have provided the few centres of employment stability and even growth. For others — including those whose job it is to attract new companies in traditional manufacturing areas with very high unemployment — they represent an almost "unfair" warping in the competitive market of employment creation.

There have also been some caustic comments about their performance. The development corporations say they "have done as well as can be expected in the present economic climate and, in some ways, better."

On the other side of the fence, the senior partner of one of the country's leading chartered surveyors, referring to one new town's performance this year, said that "if you take its advertising budget and all the goodies it can offer, it's been very poor."

## Emphasis switched to smaller units

## SKELMERSDALE

SKELMERSDALE Development Corporation began last year with 139 companies on its land, employing 7,170. By the end of the year it had 154 companies, though their total employment was lower at 7,050 jobs.

Such a net job loss of 1.7 per cent is not something the corporation shouts about, but Mr Tim Bradbury, the corporation's managing director, feels justified in saying that "in the prevailing economic climate, with the recession continuing to bite, it is no mean achievement to confine net job losses to 1.7%."

The corporation let 32 factories, and some 23 companies set up operations in the town, but, against that, 16 companies suffered business failures. The common experience of development corporation areas that factory closures generally involved larger premises was



Skelmersdale received more inquiries about industrial property last year than in the previous two years

underlined by the Skelmersdale experience last year. The small business sector was clearly the more active with the greatest proportion of lettings at 5,000 sq ft or less. Factories which were vacated averaged 9,000 sq ft as against average lettings of 4,000 sq ft.

It has continued its rolling building programme, but switched emphasis to smaller units. The amount of space available at Skelmersdale has obviously been rising, but the corporation declines to provide information on how much there is. Units range from workshops of less than 1,000 sq ft to one privately owned factory of 75,000 sq ft.

Weekly rents for the smallest workshops are in the £20 to £25 region, and rents for other properties are generally around £2 per sq ft. Mr Bradbury says the corporation was encouraged by response from new businesses, but more particularly by the expansion of some established companies.

The corporation picks out two developments which have boosted confidence — opening of the Rodco copper casting plant by G. C. Firelli and the purchase by Casual Sportswear of the 138,000 sq ft former Courtaulds hosiery premises.

Total new jobs numbered 1,640 as against a loss of 295, resulting from the closure of 23 companies. At the same time, the Birchwood Science Park continued to represent one of the best new high technology niches in the North West. The final touches are being put to the new Science Boulevard site.

Mr Bradbury, though, is not drawn on the issue of expansion — "available factory space does not mean jobs. The factory has to be occupied first, and letting factory space is a highly competitive business."



Last year brought a record number of signings for factory and office space in Warrington and Runcorn New Towns. Above: units at the Winwick Quay employment area of Warrington

## Aggressive marketing has paid off

## WARRINGTON

THE PERFORMANCE of the development corporation covering the Warrington and Runcorn New Towns in Cheshire is a testimony both to aggressive marketing and to the problems of the recession.

On the one hand, 81 companies were recruited on to development corporation land last year and a further 32 companies already there moved into new premises — producing a record 113 factory and office signings.

Total new jobs numbered 1,640 as against a loss of 295, resulting from the closure of 23 companies.

At the same time, the Birchwood Science Park continued to represent one of the best new high technology niches in the North West. The final touches are being put to the new Science Boulevard site.

On the other hand the pressure of the recession has been very visible. The 658,000 sq ft total floorspace occupied last year compares with lettings of around 1m sq ft three years ago.

The corporation has also halted all new speculative development in an attempt to counteract the rise in vacant factory and warehouse space on its land though it may re-start soon.

Despite last year's lettings, the amount of vacant factory and warehouse space rose 100,000 sq ft last year to 600,000 sq ft.

The recent closure of Thames

Board's Warrington Mill only emphasises the general imbalance in manufacturing areas like the North West between demand on one side and total available property on the other.

More than a half of vacant space on the market is in the middle 3,000 sq ft to 20,000 sq ft range and with the bulk of that below 10,000 sq ft.

Demand for the smallest units still appears to be strong and the corporation says the next speculative building is likely to be of units under 2,000 sq ft.

Rents in the medium range run to about £2 per sq ft and for a starter unit of around 1,000 sq ft a weekly rent would be about £50.

## Range of accommodation re-inforced

## CENTRAL LANCs.

THE Development Corporation for Central Lancashire is different to the North West's other two because it operates in a very large area — 55 sq miles — including the three mature urban areas of Preston, Leyland and Chorley. Last year, 378,000 sq ft of industrial space was let — a rise of 10 per cent over last year's performance — and 40 companies moved on to develop-

ment corporation sites. This helped to maintain Central Lancashire's unemployment rate 4 percentage points below the North West average.

Despite a spate of units being vacated, there has been a net gain of more than 1m sq ft in units occupied over the past two years.

Even so, the amount of available space — currently standing at around 500,000 sq ft — continued to rise. A considerable number of developments which reinforce the range of accommodation on offer in the 500 to 30,000 sq ft band

is now nearing completion and the corporation has only two major developments on hand — Chorley North and a site north of Preston.

The corporation is also engaged in considerable refurbishment and conversion work. This includes a former textile mill at Bamber Bridge, Preston — a project completed at the end of last year, with many workshop and nursery units already taken up. The corporation is still doing conversion work on the former Courtaulds Red Scar Works, near Preston, which incor-

porates more than 1m sq ft of buildings on 150 acres.

One success story the corporation points to is Bosal (UK), which built a 100,000 sq ft plant at Walton Summit five years ago and added a further 100,000 sq ft to that last year.

Rent for refurbished accommodation tends to run at just under £1 per sq ft to £1.75 and new property from £1.75 to £2.50. The corporation, though, is offering 12-month rent-free periods for companies taking up leases this year on standard factories.

## More investment plans in Cheshire

CONTINUED FROM PREVIOUS PAGE

have shown their faith in Cheshire with announcements of new investment. The county council has recently been involved in a public consultation exercise about future development on the Mersey Marshes, including the big Stanlow complex which supports 14,000 jobs and covers 2,500 acres. It is proposed to earmark 1,100 acres at Stanlow for future expansion.

The council is in the process

of revising its structure plan priorities in recognition of a shortage of land for industrial development in a number of towns. Proposed changes would in effect give over-riding priority to the generation of new job opportunities, even at the expense of new housing should the two demands conflict.

Top priority towns for public investment, reflecting the severity of unemployment, have been identified as Warrington,

Runcorn, Widnes, Ellesmere Port, Neston, Chester and Winsford.

Winsford typifies — if not out-matches — the lengths to which towns are prepared to go to win new industry. Among industrial properties on offer is a factory of nearly 60,000 sq ft which comes with "luxury coach house" rent and rates free for a year and fully furnished down to colour TV, hi-fi, micro-wave oven, "superb antiques," wine

cellar, and with master bedroom equipped with double bath, sun bed and rowing machine. All this plus a factory rental of just 50p per sq ft. Against tradition, the agents' sales brochure depicts a leggy, scantily dressed blonde on its front cover. She is apparently not included in the package.

On a more workaday level, Winsford is offering mini-units on its new Hartford Business Centre site at rentals of £27 a week for 600 sq ft and £45.25 a week for 1,000. Many were reserved before building started last October.

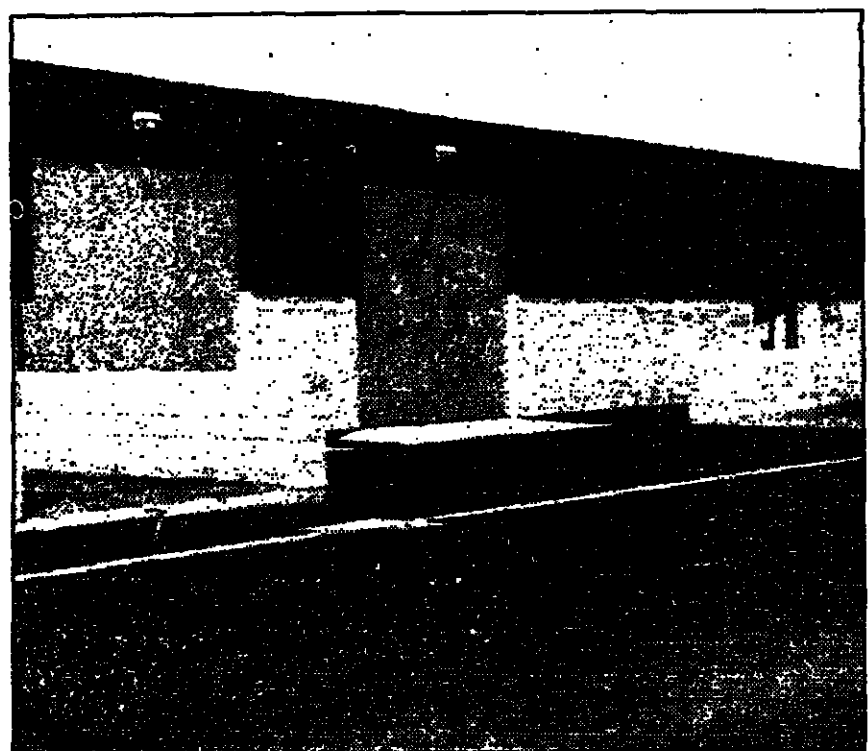
New developments at Crewe include 13 1,000 sq ft units by Cobden Commercial Properties at Crewe Gates Farm estate and 70,000 sq ft of units by Commercial Union Properties. Unit sizes range from 8,000 to 40,000 sq ft with rents averaging about £2 per sq ft.

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Friday March 11 1983

# A corrective from Gatt

THE GATT secretariat's first retrospective glance at 1982, a year in which world trade volume declined by an estimated 2 per cent, could hardly have been expected to be cheerful. But its gloomy prognosis for the impending economic recovery is quite another matter.

The secretariat has genuine doubts about how far the monetary stimulus that began last summer will be translated into output rather than prices. It also makes an implicit assertion that the building blocks for sustained non-inflationary recovery in output and employment are far from being in place.

Seen from Geneva, the signs of an upturn in the construction and consumer sectors look real enough. The Gatt economists also draw some comfort from the recent change in the relationship between real wages and real interest rates, the disappearance of negative rates should help whittle down the existing bias in favour of labour-saving investment.

Their worry is rather that the focus of policy is both too short-term and too heavily weighted towards macro-economic stimulus, to make the best of the opportunity which this cyclical upturn presents.

## Backlog

In a thinly veiled critique of recent American and British policy the secretariat argues that both demand management and monetarist policies have been a soft option for politicians; they appear to remove the obligation to confront the special interest groups that put a brake on micro-economic change. The outcome is that relative prices have become less flexible, market signals are weak or unintelligible and investment, both in plant and machinery and in labour skills, fails to respond adequately to changes in demand.

The result of these distortions is that a backlog of structural adjustment has built up. Attempts to escape from recession via expansionary policies have thus increased inflation as recovery has run into supply bottlenecks; and excessive reliance on restrictive monetary

policy, without accompanying micro-economic reform to loosen the price structure, have curbed inflation at a high cost in unemployment and lost output.

As for the debt crisis, the worry is that too much emphasis is being placed on increasing debt servicing capacity by reducing the level of demand—a policy that will be counter-productive for both debtor and creditor in the longer run. Few are prepared to face up to the need for more fundamental domestic policy reforms in the debtor countries, complemented by more liberal trade policy in the creditor countries.

## Reforms

The Gatt analysis is perhaps too narrowly confined to those constraints on investment that stem from the baroque panoply of trade restrictions, subsidies and other politicised forms of pricing. Investment decisions can also be affected by prices that are the very opposite of inflexible, most notably in the foreign exchange markets where volatile currency movements can wreck the investor's assumptions about relative costs in no time. The uncertainty over oil, which bears crucially on so many investment decisions, also deserves greater emphasis.

Indeed, much of the appeal of protectionism today lies in its proponents' claim that it can help stabilise conditions in an otherwise dangerously uncertain world.

It follows that the key Gatt policy prescriptions for the world economy and the debt crisis—budgetary reform and trade policy reform directed towards rehabilitating the price system—are not, in themselves, enough. Moves towards currency stabilisation and continuing efforts to promote investment in non-OPEC energy sources are a precondition of lasting recovery.

Together these proposals represent an ambitious prospectus for the Williamsburg summit in May. But a meeting of minds at Williamsburg is only the first step. The summit on the macro-economic distortions singled out by Gatt calls for the greatest effort of political will on the part of national governments.

# How to raise steel costs

WHEN politicians override commercial decisions, the results are likely to be expensive. That is the message from the report, published yesterday by the House of Commons Trade and Industry Committee on the British Steel Corporation.

British Steel has five large integrated works, including three strip mills, one of which is at Ravenscraig in Scotland. When the committee asked Mr Ian MacGregor, chairman of BSC, how much excess capacity he had on the strip mill side of the business, he replied "about two strip mills". Yet last December Mr Patrick Jenkin, Secretary of State for Industry, instructed Mr MacGregor to keep Ravenscraig open.

The committee took the view that this was a political rather than an economic decision. Members were not impressed by Mr Jenkin's attempts to justify the instruction on the grounds of employment protection; they regarded Mr MacGregor's assessment of likely trends in demand—not much change in annual steel requirements for the foreseeable future—as more realistic than those of the Secretary of State.

## Penalty

BSC's installed capacity in 1982-83 is 21.2m tonnes of liquid steel per annum, while annual capacity is 15.2m tonnes and production is expected to be only 11.8m tonnes. In other words 44 per cent of installed capacity is standing idle. The only sensible course, given the outlook for demand, is to concentrate production on fewer sites. The committee estimates that the Ravenscraig decision will add to the cost of each tonne of finished steel sold, before taking into account the effects of inflation in the future. Losses will be increased or profits reduced, by about £100m a year.

Plants which might have been viable with the closure of one of the major sites will now suffer the penalty of having to bear costs per tonne of steel produced, as a result of lower plant-loading. Thus the Ravenscraig decision, whatever its short-term attractions from a narrow Scottish point of view, will have a direct impact on jobs in other plants. The higher costs will make it more difficult for BSC to win back home market share, let alone increase its exports.

It would be preferable, as the committee suggests, for the Government to finance directly the increased operating costs

arising from the Ravenscraig decision since they result from a non-commercial obligation to keep a non-commercial corporation open. Mr MacGregor, not surprisingly, regarded that suggestion as somewhat academic. After all, he or his successor, has to live with the practical consequences of the decision, as with other government interventions which increase the BSC's costs.

An interesting appendix to the committee's report contains a BSC estimate of the impact of government intervention on the major European steel industries. In 1981 BSC received grants and loans equivalent to a subsidy of £20 per tonne of crude steel, far higher than any other BSC steel industry. France was the nearest with grants and loans of £11 per tonne. In addition, according to BSC, a further penalty of £5 per tonne arises from the fact that, through government policy, it pays higher prices for gas, electricity and fuel oil than its rivals on the Continent.

The detailed figures may be open to question, but they do illustrate how the Government can take away with one hand what it gives with the other—and in doing so damage the prospects of both the steel industry and its customers.

Even with the most favourable government policies British Steel faces a difficult future. As Mr MacGregor pointed out to the committee, some of the newer steel-producing countries have much lower costs than those faced by the older industrial countries. It is conceivable, he suggested, that in the long run production of the steel will shift towards areas where the raw material is cheap and energy is available, while finishing and processing activities will remain close to the major markets. But this is no more than a long-term possibility. In the meantime British Steel has some advantages, not least the fact that its biggest crude steel works have good deepwater locations and thus can receive raw materials at competitive costs. If Mr MacGregor's drive for higher productivity is maintained, a viable industry can emerge, but the Government should be careful not to make the task harder than it need be.

THE future conduct of industrial relations in the British mining industry—that bulldozer of political change in the first part of the 1970s—depends on these immediate factors: the personality of Arthur Scargill; the political struggle in the leadership of the National Union of Mineworkers; the collective view of the miners' form of their self-interest; the effect of the anti-strike vote on the Labour movement; the nature of the revised Plan for Coal which the National Coal Board is now preparing; and the support given the Board by the Government.

One point is worth making right away. From the barrage of comments and opinions given by miners to reporters from this newspaper and others, it is possible to distil one essential response to the strike call—"we'd like to support you but we can't". Many miners remain emotionally loyal to their union, to their President and to the executive. But they are now, in many cases, earning high wages and have done so for some time: they are financially committed to life-styles which their fathers would have associated with management. They are no longer impoverished proletarians ready to be mobilised.

Beyond these immediate matters lie the more shadowy issues of oil prices (presently more sharply in focus, with shots of sweating oil ministers juxtaposed poignantly on news bulletins with Welsh miners blowing on their hands and picket lines), the unemployment rate, and the prospects for economic recovery in the advanced economies.

Mr Scargill is a phenomenon: alone among trade union leaders he combines rhetorical ability, relentless ambition, fundamentalist Marxist politics and a constitutional inability to compromise, otherwise known as negotiate.

He has entered into a symbiotic relationship with the popular newspapers, reflected in television: they depict him as a ravening monster set to devour NCB, Government and the British way of life (a caricature which helped him greatly during his presidential campaign) while he responds by saying ravening monster-like things, laced with descriptions of the press as "jackals", "hyenas" and "vermin". One of this should detract from the fact that his personality wholly dominated the national executive, whose ascendant right-wing fell apart on the retirement early last year of Mr Joe Lord—formerly Mr Mick McGahey, his vice president, is probably still a Joee advisor (though he has run his own Scottish area much more cannily than Mr Scargill has the national union); and only Mr Peter Leitch, the North Derbyshire secretary, matches or surpasses him in ability and intellect. But Mr Heathfield is a loyal leftist, who will not move against Mr Scargill or the left line.

On the right, disunity has prevailed. Mr Trevor Bell, the



Arthur Scargill with a miner from South Wales where branches were prepared to translate threats into action

secretary of the white collar section Cmsa, is crippled by his base and by what even his fellow rightwingers see as his over-hasty tendency to criticise the leadership. Mr Ray Chaburn of Nottinghamshire is not seen, and probably no longer sees himself, as a national figure, and the same goes for all the others.

It is not, however, correct to see them as simply extinct volcanoes, beaten by Mr Scargill into surly bellyaching about the good old days. None of them apart from Mr Bell has blamed Mr Scargill for the vote debacle; and all believe that some time, a fight should be mounted against closures.

Some of them can see their areas disappear within their probable lifetime: and self-interest, tradition, sentiment, political belief and pride combine in them, as they do in Mr Scargill, to create a determination to resist contraction—though how, they simply do not know.

The vote, the second within six months to turn down strike action with a decisive majority, has left all of the executive in a depressed and self-righteous mood, disposed to blame their members for lacking their foresight. Right and left wingers believe that the Board will now rip into unprofitable pits and that their members have handed Mrs Thatcher an enormous electoral advantage. Mr Dennis Murphy, president of Northumbria, said yesterday: "She beat Galtieri and now she's beaten us. She'll walk an election."

Mr Scargill yesterday moved fast to end the right's argument. The executive has now dropped the ban on participation in consultative procedures with the Board—though the Board's stance has been that simply to consult would be exactly the same, if more urgent in pace,

than they were last year when they were condemned as "meaningless". Mr Scargill obliquely criticised "a tendency on the part of branches to put forward resolutions which are down and the going gets rough, they are not prepared to translate these threats into action."

This is a somewhat disingenuous remark from one who in the past had encouraged such resolutions, but a clear signal of a present desire not

to be hoist on unachievable aims by activists who cannot deliver the rank and file miner.

The miners would appear to have distanced themselves from their elected leaders over the past year. Having put Mr Scargill into place, they appear content to leave him as a militant backstop should they need him, and, for the present, to reject his—and the executive's—strategies and analysis.

Their embourgeoisification through higher pay and the diverse results of the area incentive bonus scheme has been well noted: speaking after yesterday's executive, Mr Scargill put the bonus scheme on top of the list of his reasons for losing the ballot, followed by the general economic climate, the attacks of the press and the "personalisation of issues," and the increased redundancy terms.

The effect of the vote within the "broader Labour movement" will be a contradictory one. Few TUC leaders have

severance awards and retirement pay and attend to miners' wants more carefully than other corporations or private companies which they can observe all about them laying off workers without warning and with minimum redundancy terms.

Fishman believes this reflects a continuing belief in the public ownership of the mines, and a recognition that management's strategy is broadly right; he also sees wealthier and more mobile miners as better integrated into the social fabric, and less of a "special breed". This state of affairs could, he thinks, be disturbed—and Mr Scargill put back on his white charger—only if the Government attempted to privatise the mines, or the Board moved too fast and became the enemy once more.

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## Men & Matters

### Peace meal

Mrs Thatcher makes peace with as much determination as she makes war. If Dr Mahathir Mohammed, Malaysia's mercurial prime minister, had any doubts about Britain's eagerness to bury the hatchet after two years of tense and sometimes acrimonious relations, a sumptuous dinner in his honour the other night at 10 Downing Street should have dispelled them.

Described by both leaders as a private occasion, the presence of assorted nabobs was a signal of the seriousness of Mrs Thatcher's intentions.

Guests ranged from Sir Geoffrey Howe to Lord Richardson, governor of the Bank of England, and included half the Foreign Office top echelon together with business leaders.

Mrs Thatcher's speech was brief but meticulously rehearsed, a minor masterpiece of its kind, striking just the right balance between self-deprecation and the hope that matters between the two nations would go better from now on.

She was, she said, glad that Malaysia, she had said, Britain change its mind over the policy of phasing out subsidies to foreign students. There was not the slightest show of this mea culpa being delivered through clenched teeth.

"You have to be rough to get things done."

### Good works

Wherever it stands on faith and hope, British business is tops when it comes to charity. Britain leads the European league in corporate contributions to support education and the arts, according to a report by The Conference Board, a U.S.-based research body.

Its survey of 170 companies in eight European countries showed that in 1980 the budgets being planned by British companies for such purposes ranged between £12,000 and \$6.6m. At the other end of the scale, Sweden's corporate contributions were between \$2,400 and \$808,900; and West Germany's between \$2,900 and \$1.7m.

Britain's overall preoccupation with philanthropy and non-governmental support of education and the arts stood out above the rest, says the report. "Charity is the United Kingdom's middle name."

### Bank loan

Ever anxious to afford special service for matters spiritual, the National Westminster Bank has concluded that simply to lend money to the Church of England for a new job creation scheme in Yorkshire would not be enough. The bank is, instead, lending a bank manager full-time for three years—to act as chief executive.

Irving Waite is being seconded by the bank to be the professional manager of Cels Ltd. This is, in turn, the £250,000 brainchild of Malcolm Stonestreet, the vicar of Bramley, a south Leeds parish, who is chairman of the company.

Stonestreet gingered up his parish to take positive action to help the 2,000 local unemployed. At the end of last year he persuaded the Church of England to buy the redundant St Catherine's Mill—"as much



"There it is again—Chairman of the British Steel Corporation."

space as St Paul's"—from Illingworth Morris for £28,000. The local church has found £25,000 and the remainder is being raised from charities, trust funds, and the national coffers of the C of E.

Is this the first hurdle, however, Stonestreet tells me the Palace of the Unemployed he is creating in the old mill will cost about £70,000 a year to run.

He calculates that if 1,000 people can be attracted there daily to work in "nursery" business enterprises, to take part in youth opportunity schemes, or simply to keep themselves active by unpaid work, then Bramley will be getting good value for £70 a year per unemployed person.

### Foster's child

Norman Foster, architect of what has been alternatively described as the world's "most magnificent monument to Mammon," has been awarded this year's Royal Gold Medal by the Royal Institute of British Architects.

Norman Foster, architect of the Hongkong and Shanghai Banking Corporation—a 41-storey building which, it is unkindly said, will resemble a gigantic central heating radiator stood on end.

The RIBA citation says that "no other architect has so effectively drawn the advanced modern technology of the aerospace and electronic worlds into architecture and building."

Foster, RIBA says, has created structures of great style and grace. Some, like the Sainsbury Centre for Visual Arts in Norwich, "at the adventurous edge of technology"; others, like the Ipswich offices of Willis Faber, which set new international standards of accommodation for office workers.

Aged 47, and educated at Manchester University, Foster founded the firm of Foster Associates with his wife, Wendy, in 1967.

In only three of the past 20 years has he failed to win an award of some kind for his work. He has taken the FT's award twice and gained three commendations.

What spare time Foster has, he spends looking down on buildings rather than looking at them—he flies light aircraft, helicopters and sailplanes.

Publications that featured articles as well as pictures of naked people, it concluded, were "periodicals" and exempt from tax.

Magazines which contained little else but nude pictures, the Commission said, were "information services"—and taxable.

Observer

## UK MINERS' VOTE

# Now for the real war

By John Lloyd, Labour Editor

production in the rich seams of Yorkshire, Nottinghamshire and north-east Leicestershire (Belvoir).

In his speech to the Coal Industry Society on the eve of the miners' ballot, Mr Norman Siddall, the NCB chairman, was unambiguous: "We have to adapt to the present drastic fall in demand... it would be wholly misleading to think that, once the recession passes, all our problems would be over... The Plan for Coal said that up to 1985 an average of 3m to 4m tonnes of coal a year should be lost... in fact only about 1m tonnes a year (has been lost)... the board's intention is to tackle this burden with determination, for the future of the industry demands that we should. But we shall do it with compassion for the people involved."

His key passage read: "We have to restructure this industry to adapt output to what our customers will buy from us, and at what price. No matter who is chairman of the board that policy will have to be followed. We shall pay our workpeople the best wages we can afford out of the money we earn."

"For as long as possible we shall go on offering alternative jobs when pits close, with voluntary redundancy for the older men on terms that will be acceptable to them. None of the actions we are taking now or are likely to take in the foreseeable future, whether by closing pits or reducing manpower at continuing pits need cause any compulsory redundancy."

Mr Siddall's programme, and it should remain the same whatever succeeds him, is for closure after local consultations of the most careful kind possible cushioned by high payments for those who leave and high wages for those who stay. The Government has shown no sign of departing from this—indeed it has proved in the past "softer" than the board, as when it backed down on the 1980 closure list after the board had prepared itself to face down a strike. There does not presently appear to be any constituency within government which believes the NCB should be dynamised into faster action than it is already contemplating, or that it is pouring out taxpayers' money to no good effect in cushioning miners' redundancies.

We appear thus to be entering, at the beginning of the second year of Mr Scargill's term, into the period of the real war. Mr Scargill has dominated the latter, issuing threats and challenges to battle which, when tested on his own troops, have proved to lack substance.

The real war, on uneconomic capacity, on the one hand, and on the Board and Government's part—should see reductions of the numbers of British pits of the scale of the Robens cuts in the 1980s—a period which bred Mr Scargill's (and others') militancy and which he vowed never to tolerate again. We shall see.

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POLITICS TODAY

# Voting all over the place

By Malcolm Rutherford



Facing their electorates, (from left): Lionel Jospin, French Socialist leader; Tony Cook, SDP contender in Darlington; Bob Hawke, Australia's new Prime Minister; Helmut Kohl and Hans-Jochen Vogel, the German SPD leader.

IN THE last few days, elections have been taking place in Australia, France and West Germany, not to speak of the campaign in Darlington. Are there any common threads?

Mr Peter Shore, the Labour Party's Shadow Chancellor, obviously thinks there are. "The Australians," he said in a speech on Tuesday, "sent a message of hope to Britain. With more than one in 10 out of work, with national income falling and a do-nothing Government in Canberra, the Australian people voted for a change of course and a new deal."

"Convincingly and decisively, the Australian people rejected Thatcherism in the Antipodes."

Others have argued with equal passion that the return of Chancellor Kohl in Germany and the setback to the Socialists in the local elections in France mean that there is a move to at least the moderate right.

Hard to reconcile the two views unless you argue that the Commonwealth moves one way and continental Europe another. Indeed, it is impossible to reconcile them. There is no common trend, except perhaps that when an electorate gets fed up with a Government, either it registers a protest vote in a local or by-election or it votes it out in a general election, whichever opportunity comes first.

There is, however, a common theme, which is worthy of more attention. It is the effect of the electoral system on producing a Government.

The countries which have been to the polls recently have widely different voting systems. The Australian system, for example, seems to me to be ridiculous. It provides for general elections every three years and allows for early elections on top of that. Hence it is not entirely an illusion that the Australians seem to be going to the polls all the time.

The French are somewhat more sophisticated. They have a system which Sir Alec Douglas-Home once favoured as a model for Britain and which he called "first past the second post." It consists of a first election in which a candidate who achieves 50 per cent of the vote is the winner. If there is no such majority, then there is a run-off. Thus the French vote

again next Sunday where there was no clear result first time.

There is a lot to be said for that approach. It allows for first preference on the first ballot, then for tactical voting if there is a second.

The trouble is that it is only part of the French system. Overall, it is full of all sorts of other checks and balances. For instance, the elections to the National Assembly take place on a different timescale, though they can be called early. Above all, the French presidency is for a seven-year term.

Successive French presidents have wanted to change this. Certainly Presidents Pompidou and Giscard advocated a reduction to five years. Recent French political history would have been different if they had succeeded in their aim. It is quite likely that President Giscard would have been re-elected if he had been able to go to the country earlier.

Besides, a 14-year stint, which is what a two-term presidency means in France, is a pretty daunting prospect, both for the president and the electorate: more like an elected monarchy than what most of us know as politics.

There are other peculiarities. It is not absolutely clear who holds what power: the president, the prime minister or even, on occasions, the National

Assembly. The system works best when there is a strong president with an effective prime minister, as it did for a while when M Pompidou was Prime Minister to President de Gaulle and, again for a while, when M Raymond Barre was Prime Minister to President Giscard.

One of the lessons of the latest local elections is that M Pierre Mauroy is obviously not seen to be an effective Prime Minister. He has even withdrawn from national campaigns in the second round. It would be surprising if he were not quickly replaced as President Mitterrand tries to get his act together again.

The West German system has oddities of its own, some of them paradoxical. It was devised to prevent a repetition of the multiplicity of parties characteristic of the Weimar Republic. Yet in the federal elections last Sunday the number of parties represented in the Bundestag rose from three to four with the entry of the Greens.

As I wrote last week, it might be better if the 5 per cent clause, which under the German system of proportional representation means automatic admission to any party winning 5 per cent or more of the vote, were changed to a 10 per cent clause. But it should be added that the German system has not

prevented the emergence of what should be a stable coalition government with a comfortable majority.

The other oddity is this. It was widely assumed for years that the German system was made for fixed term Parliaments. At the very least, the holding of premature elections was made exceptionally difficult—again in an attempt to avoid a recurrence of the political experience of the Weimar Republic. Yet there have been two early general elections in the second round so: the first in 1972 when Chancellor Brandt's coalition found itself in a position of stalemate in the Bundestag, and the second last Sunday.

Who is to say that those early elections should not have been held? Herr Brandt could not conduct his Eastern policies without parliamentary support. He went to the country and his coalition won a decisive majority. For the first time ever, since the Socialists outpolled the conservative Christian Democrats.

Similarly, Herr Kohl could have remained in office as he was constitutionally entitled to, even though he only became Chancellor because the liberal Free Democrats changed sides in mid-parliament. Yet to have done so would have been fairly shabby behaviour. Herr Kohl took the risk of doing the

decent thing, and it came off.

Those who argue in favour of fixed term Parliaments ought to bear the German example in mind. They might be a good idea in principle, but there does need to be a let-out. So we return to Britain. On Wednesday, Mr Austin Mitchell, the Labour MP for Grimsby, sought to introduce a Bill in the House of Commons proposing fixed term Parliaments for Westminster. He was given a pretty rough ride.

One does not need to agree with him precisely to have some sympathy for what he was trying to do. Unlike most MPs Mr Mitchell has at least recognised a case for constitutional and electoral reform.

For it cannot be repeated too often that the present electoral system is a mess and given the signs of a significant third party, could throw up the most extraordinary results.

It is not just the business of tactical voting which has been discussed in this space in the last two weeks and which, by all accounts, is beginning to show signs of emerging in the by-election campaign in Darlington. There is another possibility.

This is completely hypothetical, but say the Darlington result is bad for the Tories. They save their deposit, but only just. Then they do not face terribly well in the local elections in

early May. This change in fortunes is reflected by the Tories losing their lead in the national opinion polls. The option of a general election in June begins to look less attractive (though it might of course be argued that it would still be best to go as quickly as possible in case the prospects get worse later.)

Anyway, say Mrs Thatcher hangs on. It does not look much better in October. So she decides to stay through the winter. She then runs the risk of becoming like Mr James Callaghan in 1978-79. Assuredly she will not, like him, be defeated in Parliament. But the possibility of defeat at the polls might overshadow her last few months of office. As with Mr Callaghan's before it, her Government will be simply hoping for something to turn up.

It is quite likely that none of that will happen. It is not a prediction. But the very possibility that it might, coupled with the re-emergence of a three-party system, must give pause for thought about how well the existing system works.

Three concluding thoughts. The French system of first past the second post is eminently rational. It allows people to vote with their heads as well as their hearts, though I am not sure that the British people would take kindly to two elections in successive weeks.

There is also a great deal to be said for the German system of fixed-term Parliaments with let-outs. It gives some leeway to the head of government in choosing the election date, but not absolute power.

The third thought is that there might be some kind of standing commission on the electoral system. After all, there is a commission which reviews and revises the constituency boundaries every ten years or so. Why should there not be a similar body which would make recommendations on electoral reform?

Of course, only Parliament can decide. But there is a case for a commission which draws anomalies to its attention. It is a remarkable fact that the electoral system should have remained untouched for so long while so much else has changed, including the decline in the aggregate vote of the two big parties.

## Lombard

# Paris and Bonn arm in arm

By Nicholas Colchester

THE MOST telling reason why Europeans need be nervous about nuclear war is the inadequacy of Nato's conventional forces in Europe. The excesses of the superpowers in their search for a balance of atomic terror do not in themselves make nuclear war more likely—they are chiefly an economic nonsense. It is conventional inferiority which forces the West to hang on to the right to use nuclear weapons—and, most dangerously, battlefield weapons—rather than ban their use, as it has long accepted the ban on chemical weapons.

One way to strengthen Europe's conventional defence would be for France to reconsider the rundown of its non-nuclear forces and commit itself formally to the defence of West Germany.

In 1963, as part of the Franco-German friendship treaty, President de Gaulle and Chancellor Adenauer agreed on "convergence of military doctrine with a view to arriving at common concepts." But nothing happened. A loof from, and mistrustful of, the U.S. commitment to defend Europe, France detached itself from the integrated command of Nato, assembled its own nuclear forces and developed the "sanctuary" concept whereby French forces were only for the defence of France.

President Giscard d'Estaing indicated military support for West Germany but as recently as September 1981, General Lacaze, chief of staff of the French armed forces, spelt out three principles governing French operations within the Western Alliance:

● Co-operation will involve only French conventional forces and thus exclude any joint planning of the use of nuclear weapons.

● There will be no automatic commitment of French forces, and France will not participate in the "forward battle" on the German frontier.

● French forces will always be under French command. No one could expect a socialist-communist French Government to accept a return to the Nato command structure. But there are grounds for suggesting closer ties between the armed forces of France and those of West Germany under

its new Conservative Government. There are also inklings of moves in this direction.

First, the build-up to the German election, with its focus upon neutralism and disarmament, shook French confidence in the German-American buffer zone between France and the Soviet bloc. The election's outcome, with Green voices for neutralism and anti-Americanism enshrined in the Bundestag, suggests that France would do well to stress its military solidarity with Germany to help postpone the day when the Rhine becomes the front line.

Second, France will find it easier to discuss tactics with West Germany when its new tactical nuclear weapons—on which the French conventional forces seem worryingly dependent—reach beyond the West German glacis into East Germany. It was hard to discuss use of the old "Pluton" missile with an ally living in its target area.

Third, Franco-German co-operation no longer need imply an undermining of Nato.

A firmly pro-American German Government, firmly installed, would be talking with a French Government which has proved itself remarkably non-Gaullist in stressing the importance of the U.S. nuclear umbrella for Europe and the dangers of "decoupling" between the U.S. and Europe.

As for inklings, last October the two countries decided to start defence co-operation talks as a "first step" towards the "common concept" mentioned in the 1963 treaty. The West German defence minister, Manfred Woerner, who is a French speaker and Franco-ophile, has made several trips to Paris since then. Perhaps all that is cooking is a fresh initiative on the joint procurement and production of weapons. This alone would help reduce the cost of redressing some of Nato's non-nuclear disparity with the Soviet Pact forces. But it would not be nearly as encouraging as moves to redraft those Lacaze principles, re-emphasise the value of French non-nuclear forces, and commit them more wholeheartedly to the defence of Europe in West Germany.

## Letters to the Editor

### Disarmament, CND and Russian military writings

From Major-General R. Mans  
Sir—Sandra Middleton (March 5) asserts that the Campaign for Nuclear Disarmament is hostile to all nuclear weapons, whatever their origin. If that is the case, to take up Mr Robin Bruce Lockhart's point, why are we not seeing "Greenish" Communist type protests outside the mon "type Embassy"? The letter evades this issue.

The naïveté of the CND, to take a generous view, is illustrated by the argument that on the one hand the possession of nuclear weapons makes us a target and on the other that our defence policy should be based on repelling invaders. It is totally unrealistic to believe that a Soviet offensive, having reached the Channel with or without employing nuclear weapons would desert from their use if we showed signs of prolonged resistance.

Soviet military writing, especially in their Military Encyclopaedia which religiously reflects the official Kremlin viewpoint, has always asserted that winning a nuclear war is a feasible proposition. Marshal

Ogarkov, the Chief of the General Staff, has himself written, when discussing the advantages accruing to the Soviet Union and its allies in facing up to nuclear conflict that this "created for them the objective possibility of achieving victory."

In the face of such stark sabre rattling only continuing nuclear deterrence by the West will ensure the maintenance of peace. (Major-General) Rowley Mans. *Kirke House, Suroy Road, Brockenhurst, Hants.*

### Industrious and gardeners

From Mr B. McGinley  
Sir—Samuel Brittan's strictures (March 7) on Wiener's *English Culture and the Decline of the Industrial Spirit* rather, the professor's point, to cry in quaque because of the book's readability is to confuse the particular with the general.

There is no objection to enjoying the quiet of one's garden, but the wealth that makes this possible nationally is generated by industrial means.

From Kingsley and Carlyle to Barnett, Mann and Bellini, the indignant denigration of practical values in British life (applied science, trade, dirty hands) has been pointed out. If it is not a "malaise" that Britain is uniquely a low-wage, no-growth nostalgic society, then what is? Bernard McGinley, 176 Roslyn Road, N15.

### Completed on time

From Messrs S. Tietz and P. Campbell  
Sir—We were most interested in your article on construction contract times (February 28). It was particularly noteworthy that all forms of contract can provide quick building programmes and that speed need not cost more money.

This is much in line with the findings of the Association of Consulting Engineers. A recent examination of a wide range of civil and structural engineering contracts executed by members and completed in 1982, showed that typically eight jobs ranging in value from £1m to £11.4m and aggregating £43.8m, were all completed within their budget and end programme, some of them with significant savings. Many jobs were dramatically faster than the average quoted by you.

The poor reputation which the industry has for late completion, over budget, is rarely applicable where both the client and his team are committed to a fast programme. Clearly clients with limited experience in construction may need to heed advice on appropriate methods which will include choice of an appropriate form of contract if they are to achieve their aims. Thereafter given commitment by the task, the construction industry can match the much publicised performance claims by foreign firms. S. B. Tietz, P. Campbell, Campbell Tietz & Partners, c/o 10-14 Macklin Street, WC2.

### Never give a sucker an even break

From Mr J. Stevenson  
Sir—In your anxiety to bury the Alliance Budget proposals in an avalanche of righteous macro-economic indignation and fiscal rectitude (Leader, March 10), you missed entirely its most intriguing and potentially significant impact on the more down-to-earth "micro" side of the economy.

How many readers remember the torrential flood of consumer spending which followed the inept decision of Denis Healey to announce, in his 1975 Budget, his intention to raise VAT to 25 per cent on certain "luxury" goods in five weeks' time? I was working then for a chain of 70-odd shops selling fur, suede and leather fashion clothes, all of which were destined to attract this new 25 per cent penal VAT rate. Never—neither before nor since—have I known such hectic activity as that into which I was plunged by the Chancellor's heaven-sent act of mistaking. Our shops were packed out with pleading, desperate customers thrusting cheques and ten-pound notes into the hands of bemused sales assistants.

Now, seemingly oblivious of that misjudgment or perhaps comforted by the advantage of not actually having the power to implement what it recommends, the Alliance is proposing an even lengthier delay in the implementation of a VAT change in the opposite direction. Its Budget package includes the proposal to cut VAT from 15 per cent to 12½ per cent from October 1. Thus, the first-year cost would be kept down to £550m, rather than the £1.5bn or so which it would roughly cost if it were implemented as from Budget Day.

The size of this proposed VAT rate change is obviously a lot less than the Healey increase on selected luxury items in 1975, but it may be argued that a potential fall in price never quite compels consumers to

### The mails must get through

From Mrs Curnow  
Sir—I find Mr R. A. Clinton's letter (March 7) very interesting. I applied for shares in a recent issue by a well-known company, but was unsuccessful in the ballot, having sent in two different applications. One cheque application posted first class in the City reached me the following morning, the second did not arrive until the second post on the next day, despite bearing the same post mark. So much for all the promises we are always getting from the Post Office to justify the two-tier system.

(Mrs) M. E. Curnow, 47, Melcombe Regis Court, 59, Weymouth Street, W1.

### Regional grants for projects

From Mr E. Scholes  
Sir—Mr R. Musgrave (March 2) says that regional grants for projects which would have happened anyway cost the nation nothing in real terms. If the project is being carried out by a foreign-owned multinational there can be no assurance that the grant will actually be spent here; it may simply reduce the amount of inward investment and so represent a direct resource cost. Even if the company is British the benefit may accrue outside the assisted areas; and it is surely inefficient, given the constraints on public spending, to misuse funds in this way.

Of course selective assistance is very difficult to administer and one can never be certain how big an incentive, if any, is needed to secure an investment in a given area. But at least there is a chance of avoiding some of the waste which is inevitable when grants are automatic. Hubert Scholes, 50 Lancaster Avenue, Farnham, Surrey.

These are critical practical forces and counter-forces on which someone would need to do some calculations and to which your obsessively macro-economic and theoretically statistical analysis paid no attention. You need to get your hands a bit dirtier in the painstaking process of working out what real people would actually do when politicians put big macro numbers into policy documents, rather than continuing to count the number of PSBR brownie-points on the thoroughly discredited pinhead of the Treasury model.

Jamie Stevenson, 13 Fitzwilliam Road, SW4.

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## FINANCIAL TIMES

Friday March 11 1983

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

## Midland profit rise surprises market

By Alan Friedman in London

MIDLAND BANK Britain's third largest in terms of assets, yesterday reported an unexpected 8 per cent rise in its 1982 pre-tax profits to £251.4m (£377.1m), UK analysts had been expecting a decline of between 10 and 15 per cent.

Midland's performance is in marked contrast to those of Barclays Bank and Lloyds Bank, which have already reported 1982 pre-tax profits which were 12.7 and 18 per cent lower respectively. Its share price soared by 50p to close at £20p and other bank shares moved higher in sympathy.

Midland's 1982 bad and doubtful debt provisions, up 73 per cent at £196.1m (and included £162m of specific provisions), represented less of a year-on-year rise than did the Barclays and Lloyds provisions, which were both more than doubled.

The Midland total net dividend for last year was increased by some 6 per cent to 25.5p, a smaller percentage rise than Barclays' 20 per cent or Lloyds Bank's 15 per cent increase.

Mr Geoffrey Taylor, Midland chief executive, said the £251.4m pre-tax profit included £11m of earnings on the bank's portfolio of UK government securities. The equivalent 1981 gilt-edged profit was £11m. Mr Taylor, who said Midland had "made progress in a difficult year", said the 1982 earnings had benefited from an increase in the margin between average base lending rate and seven-day deposit rate from 2.6 to 3 per cent.

Two thirds of the £196m in bad debt provisions was related to overseas lending and these provisions represent 1.36 per cent of the bank's total outstanding loans. Around 20 per cent of the 1982 provisions came from Crocker Bank, its U.S. subsidiary.

Mr Taylor revealed that the bank's loan exposure in five Latin American countries - Argentina, Brazil, Chile, Mexico and Venezuela - represented between 7 and 8 per cent of the group's £480m of total assets. Of these five debtor nations, the bank's exposure in two countries (believed to be Mexico and Brazil) each accounted for 1½ per cent of total group assets.

Details, Page 24

## Moody's cuts ratings of all AT & T debt

Continued from Page 1

"For the most part," he said, "the financial position of the Bell companies has been improving, not deteriorating. Interest coverage is better. Debt ratios have been reduced significantly, aided by equity sales like the one announced on February 28 and the one last December.

"It also should be pointed out that another rating agency, Duff and Phelps, gave its highest rating to AT & T parent debt just a month ago."

The decision also took Wall Street analysts by surprise, although many were unable to comment publicly, because of potential conflicts of interest.

However, most analysts appeared to consider the downgrading unjustified. One was quoted as saying: "We believe Moody's is premature, and the downgrading is likely to be erroneous."

Moody's said it took its stand after completing a 90-page study of the implications of the divestiture, which forms a key part of the AT & T and Justice Department settlement of an anti-trust suit. It is the first agency to mark down the ratings.

Yesterday, Standard and Poor's, another major U.S. rating agency, said its analysts were currently meeting with representatives of AT & T, and added that a review of the debt ratings is expected before the registration of any new debt issue.

## Shell earnings surge ahead in fourth quarter

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

THE ROYAL Dutch/Shell Group reported yesterday that it had increased its fourth quarter net income by over 61 per cent - to £748m (£1.12bn) as against £463m in the corresponding period of 1981.

As a result, the UK-Dutch energy group boosted its 1982 net profits to £1.99bn, just 14m up on the previous year, but considerably better than recent City of London forecasts. Shell said that when the figures were recalculated on a current cost basis, last year's net income worked out at £1.89bn as against £1.36bn in 1981.

Sir Peter Baxendale, chairman of Shell Transport and Trading - the UK arm of the Shell Group - said that the marked improvement in fourth-quarter profits (the £748m net income compared with £451m in the third quarter) reflected im-

proved margins on its refined products operations as well as substantial benefits from currency conversions.

The group had "battled" for most of 1982 to try to pass on to customers the higher local-currency cost of crude oil. These efforts bore fruit in the October-December period. Shell had also been helped by an increase in natural gas sales and North Sea oil production, with the result that the year-end figures were "more than satisfactory" in the context of 1982 trading difficulties.

Future prospects were uncertain. Much would depend on the outcome of the Organisation of Petroleum Exporting Countries' meeting on price and production levels. The depressed demand for refined oil products and petrochemicals continued to cause problems which, in

the industries, needed further plant closures and reorganisation.

In the past two years, he said, Shell had closed or mothballed 19 per cent - some 20m tonnes annual capacity - of its primary refining capacity in Europe. Partly as a result of this action current-cost earnings of its manufacturing, marine and marketing activities outside the U.S. and Canada rose from £19m in 1981 to £37m last year. But the group continued to make a substantial loss in chemicals.

Shell is expected to invest between £4.75bn and £5bn on capital projects this year, as against £4.4bn in 1982. Most of the money will be spent on oil and gas production. Exploration expenditure is expected to remain unchanged at about £800m.

Details, Page 24

## Dutch urged to reduce public spending by further Fl 7.5bn

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government has been urged to seek ways of reducing public spending by a further Fl 7.5bn (£2.83bn) between now and the end of 1984. The Central Economic Commission (CEC), a leading advisory body, said the public-sector deficit would rise this year by Fl 3bn more than had been forecast and that without new measures the 1983 deficit might reach an unprecedented 13 per cent of national income.

It is envisaged by the CEC that Fl 5bn of the projected new savings would be made this year and Fl 2.5bn in 1984.

Last November, when the present Christian Democrat-Liberal Government was formed, Mr Ruud Lubbers, the Prime Minister, warned that additional cuts of some

Fl 7bn - on top of the Fl 13bn already provided for - would have to be made in 1983 if the trade unions did not moderate their wage demands.

In fact, pay settlements since then have nearly all been extremely modest - so much so that the unions are bemoaning a fall in their members' standard of living - and a new round of cuts would inevitably be seen as a savage act not justified by events.

Part of the reason for the sharper rise than feared in the budget deficit is the soaring cost of maintaining the unemployed. Unemployment in the Netherlands last month reached a new post-war record of 755,700 - more than 16 per cent of the workforce.

All those registered unemployed have an entitlement to be provided with a monthly amount from the state equivalent to the national minimum wage. Moves are under way within the government to redefine the minimum wage, and widespread cuts have been introduced in other social welfare benefits. Even so, the outgoings are enormous, and growing faster than anywhere else in the European Community.

Another reason for the shortfall has been the lower revenue than expected from sales of natural gas. The mild winter reduced demand substantially, and plans to cut electricity costs to major users are also bound to eat into government income.

## UK miners' leader concedes

BY JOHN LLOYD, LABOUR EDITOR, IN LONDON

MR ARTHUR Scargill, president of Britain's National Union of Mineworkers (NUM), yesterday reluctantly and obliquely signalled the swing away from his year-long efforts to force industrial and political confrontation which yesterday's announcement of a 61 to 39 per cent vote against strike action made inevitable.

Speaking after a reportedly calm 90-minute meeting of his union's national executive, Mr Scargill said the NUM would lift its ban on consultation at all levels - which means that talks on pit closures can now go ahead.

He repeatedly stressed his belief in the correctness of the executive's call for mineworkers to strike against closures and in support of the Welsh area's strike in protest at the closure of the Tyn-y-waun-Lewis Merthyr pit. He appeared to criticise his activists, however, when he spoke of "a tendency on the part of branches to put forward resolutions which unfortunately, when the chips are down and the going gets

rough, they are not prepared to translate into action."

A chorus of relief came from the Government, business and the National Coal Board (NCB) once the ballot result was announced. Mr Nigel Lawson, the Energy Secretary, said the miners "have shown the common sense of avoiding a long and damaging strike."

Sir Campbell Fraser, president of the Confederation of British Industry, the employers' organisation, said: "We should all be delighted." Mr Norman Siddall, the NCB chairman, called for concerted action in resolving the industry's problems - a call he has made to deaf ears for the past nine months.

Mr Scargill, while warning the Coal Board against taking the result as a "green light for closures," yesterday bowed to executive and membership pressure to change tack. The NCB is likely to move quickly to bring the union leadership into discussions about the need to "restructure" the industry, which

will inevitably mean an acceleration of the closure programme.

There is no question, however, of Mr Scargill having been converted from a militant to a moderate. He said: "If I had to go back 12 months, or even 12 days, I would argue for the same steps we have taken." Answering a question, he snapped: "You must be living in cloud cuckoo land if you think it (the result) could knock me sideways," and added: "There is no possibility of my changing my principles."

He blamed four factors for the vote: the area incentive scheme, paying high wages to large numbers of mineworkers; the present economic situation; attacks from the press; and high redundancy payments. He remained certain that, given greater education among his members of the issues involved, a future ballot would result in industrial action.

The 23,500 South Wales miners remain on strike.

Real war to follow, Page 18

## Renault to end U.S. sales of 'Le Car'

Continued from Page 1

concept, and on the new R-11. The American version of the R-11 has yet to be named, he said.

The Renault official also said yesterday that the French company planned to continue to export to the U.S. market its Fuego coupé model and the larger size R-18. But the French company intends to limit R-18 exports to the U.S. market to the station wagon models by the end of this year.

French motor industry analysts suggested yesterday that Renault was now seeking to concentrate more heavily on the U.S. market through the production by its AMC affiliate of its new models specially adapted for the American market.

discuss rebates on its 1983 and 1984 budget contributions. Mr Pym has asked for a discussion next week, and Mrs Margaret Thatcher, the British Prime Minister, is determined to take a tough line at the EEC summit in Brussels the week after next.

The British want the European Commission to table a proposal for fresh rebates in early May at the same time as it produces its plan for budget reform and refinancing. Payments to the UK in 1983-84 could then be presented as a bridging operation leading to a new budgetary system designed to produce a permanent answer to the huge imbalance between Britain's contributions and receipts from Brussels.

## Britain in new struggle with Paris over rebate

Continued from Page 1

Negotiations on another two-year arrangement, however, will be bedevilled by the insistence of France and other member-states that future rebates to the UK must take into account the fact that London paid up to £820m less to the EEC budget in 1980 and 1981 than was envisaged.

The European Parliament in Strasbourg yesterday rejected a Commission plea for moderation and called for an increase of at least 7 per cent in EEC farm prices from April 1.

The parliament's decision, by 147 votes to 123, sets the stage for key negotiations by EEC agriculture ministers, which start next Monday.

## Walesa threatens further strikes

By Leslie Collett in Berlin

MR LECH WALESA, the leader of Poland's banned Solidarity trade union movement, said he and his followers would organise demonstrations, hunger strikes and labour strikes to gain the release of imprisoned union members.

Mr Walesa signalled the hardening in his relationship with the Polish government in an interview with West German television.

"We cannot shoot because we have no weapons," he said. "But we can protest. We will carry out demonstrations, hunger strikes and also strikes." The former labour leader said he would take part in the protests.

He added that he would follow a "harder line" towards the authorities because "arguments apparently have no effect on the state power."

"What is there to talk about or negotiate when there are arrests and convictions?" Mr Walesa said. The government, he claimed, was "dishonest."

Mr Walesa said he did not want to hurt the Polish economy by his planned actions but said he and his supporters would have to exert pressure. "We have no other choice."

He said his letters to the authorities had not been answered and that members of the union remained in prison. "Either many more of us will have to go to prison or we will free the imprisoned," he added.

Mr Walesa was interviewed in Grudziadz where he is attending the trial of Mrs Anna Walentynowicz, who is accused of organising a strike at the Lenin shipyard in Gdansk after martial law was proclaimed on December 13, 1981.

He said he was attending the trial out of solidarity with Mrs Walentynowicz, who was involved with him in the 1970 workers' protest in Gdansk.

Her dismissal as a crane operator in the shipyard was the rallying point for workers who demanded her reinstatement during the August 1980 strikes which led to the formation of Solidarity.

Mrs Walentynowicz, however, was voted out of the union's leadership in 1981 for her militant policies and was interned by the military government for seven months. Shortly after her release she was rearrested and charged with engaging in illegal union activities.

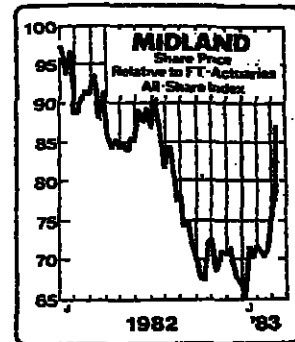
Christopher Bobinski in Warsaw adds: In a sign that the Polish authorities are taking the fight against corruption seriously, the prosecutor's office in the Silesian town of Gliwice is taking action against nine policemen suspected of taking bribes at the local passport office.

The authorities recently publicised the case of a police sergeant in Warsaw accused of stealing building materials, a traffic policeman who took a bribe in Lublin and two officers in Gdansk accused of taking bribes in return for dropping an investigation.

It is almost unheard of for cases of police corruption to be publicised.

## THE LEX COLUMN

## Midland tacks out of the doldrums



as the dollar price of oil has fallen against most overseas currencies. The concurrent weakness of sterling against these currencies has also produced a sizeable - though unquantified - gain.

Stock prices have dropped sharply to only a little over £50m, increasing the underlying replacement cost profits from £1.4bn to £1.9bn. Apart from the doubts now hanging over oil prices in general, stock profits could also disappear this year if the sterling price of oil begins to fall. So while there could be gains from rationalisation benefits in the refineries and increased production, the yield of 7 per cent at last night's price of 448p reflects justifiable caution over a period of inevitable uncertainty.

## Cadbury-Schweppes

The Cadbury-Schweppes venture into the U.S. has at last made a major contribution to pre-tax profits, which have risen by 11 per cent to £28.7m.

The swift integration of two acquisitions, the 150 per cent increase in the profits of Peter Paul Cadbury, reflecting rising market shares, and currency translation effects are the main factors behind the surge of U.S. profits and margins, which were dampened only by a disappointing showing in Canada.

By contrast the UK has contributed less than half the trading profit for the first time. Despite heavy advertising expenditure, Schweppes had a disappointing approach to Christmas and its margins have been squeezed badly. The confectionery division has failed to exploit fully the depressed price of cocoa and the 9 per cent increase in UK chocolate consumption, seeing its market share eroded for the second successive year.

Teething problems in the introduction of new equipment has meant a double banking labour for long periods. The number of UK employees has been cut by only 500 to 22,900, which seems hardly enough if the UK is to meet its target of a 20,000 workforce by 1984-85.

The £33m net capital expenditure in 1982 is to be increased further this year, with UK confectionery again receiving the lion's share. The expenditure has been financed mainly by short-term borrowing, which has doubled to £100m, and a re-structuring of the company's debt is overdue. The share price yesterday rose 4p to 131p where the yield is 6 per cent.

## Royal Dutch/Shell

Royal Dutch/Shell began the year at an undistinguished place, but it has ended with a spirit that has more than made up for the earlier deficiencies. Net income for the last three months has swung up from £463m a year ago to £748m, by far the best quarterly figure achieved in the last two years, leaving net profits for the year almost unchanged at £1.99bn.

The improvement has been helped by a seasonal upswing in gas sales and an 8 per cent rise in North Sea oil production. But the results also indicate that Shell has made the most of its present cost advantage over the Aramco partners, with margins widening appreciably.

## CORAH

Results of Corah plc for the year ended 31st December, 1982, subject to final audit

	1982 £'000	1981 £'000
Sales	52,294	46,822
Profit before Tax	2,583	1,627
Taxation	518	262
	2,065	1,365
Dividends		
Preference Shares	14	14
Ordinary Shares:		
Interim paid 1.5p per share net	441	367
Final proposed 2.0p per share net	590	485
	1,045	866
Retained profit for the year	1,020	499
Earnings per share (net)	7.0p	4.6p

## ACHIEVEMENTS

- Profit increased by 59% to £2.58 million
- Sales increased by 12% to £52.29 million
- Direct exports increased by 20% to £7.47 million
- Creation of 316 new jobs
- Dividend increased by 20% over 1981

Corah plc, Burleys Way, Leicester

## World Weather

Area	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	14	17	12	14	17	12
London	14	17	12	14	17	12
Paris	14	17	12	14	17	12
Brussels	14	17	12	14	17	12
Frankfurt	14	17	12	14	17	12
Berlin	14	17	12	14	17	12
Munich	14	17	12	14	17	12
Stuttgart	14	17	12	14	17	12
Basel	14	17	12	14	17	12
Zurich	14	17	12	14	17	12
Geneva	14	17	12	14	17	12
Lausanne	14	17	12	14	17	12
Brno	14	17	12	14	17	12
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Warsaw	14	17	12	14	17	12
Vienna	14	17	12	14	17	12
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Belgrade	14	17	12	14	17	12
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Bucharest	14	17	12	14	17	12
Constantinople	14	17	12	14	17	12
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Aten	14	17	12	14	17	12
Jerusalem	14	17	12	14	17	12
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Beirut	14	17	12	14	17	12
Damascus	14	17	12	14	17	12
Baghdad	14	17	12	14	17	12
Tehran	14	17	12	14	17	12
Delhi	14	17	12	14	17	12
Calcutta	14	17	12	14	17	12
Rangoon	14	17	12	14	17	12
Manila	14	17	12	14	17	12
Seoul	14	17	12	14	17	12
Tokyo	14	17	12	14	17	12
Osaka	14	17	12	14	17	12
Kobe	14	17	12	14	17	12
Yokohama	14	17	12	14	17	12
Singapore	14	17	12	14	17	12
Colombo	14	17	12	14	17	12
Madras	14	17	12	14	17	12
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Calcutta	14	17	12	14	17	12
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## SECTION II - INTERNATIONAL COMPANIES

# FINANCIAL TIMES

Friday March 11 1983

**DOUGLAS**  
CONSTRUCTION  
-the way ahead  
021-356 4888

### Higher earnings for U.S. retailers

By Our Financial Staff  
SHARPLY higher fourth-quarter earnings helped K mart and Dayton Hudson, two big U.S. retailers, to report increased profits for 1982. K mart, based in Troy, Michigan and a leading discount chain, reported fourth-quarter net earnings of \$165.2m or \$1.28 a share, against \$114.8m or 90 cents. Sales slipped from \$5.15bn to \$5.14bn. For the year, net earnings rose to \$261.8m or \$2.06 a share from \$220.3m or \$1.75 in 1981. Sales rose from \$51.53bn to \$51.77bn. K mart said results for the latest year, which ended on January 26, included a pre-tax provision of \$44.5m for store closures.

The charge mainly represents the estimated write-off for closing 25 K mart stores, 17 of which will be phased out this year. The results bear out the company's hopes that earnings would improve in the latter part of the year after a poor first quarter, when reduced demand and inflation cut into the group's margins. Margins improved significantly in the final quarter. Mr Bernard Fauber, chairman, said he expects earnings this year to continue to rise. "Increasing signs of economic recovery appear almost daily," he added. Dayton Hudson, the Minneapolis-based group with some 960 stores in 47 states, reported fourth-quarter net earnings from continuing operations of \$117.5m \$2.44 a share against \$94.1m or \$2. Sales rose from \$1.67bn to \$1.93bn. Full-year net earnings from continuing operations were \$198.3m or \$2.12 a share compared with \$159.8m or \$2.33 a share in 1981. Sales for the year, which ended on January 29, were \$5.88bn (\$4.94bn). The company said all its four divisions increased earnings last year. This year's first quarter will include big expenses because of the opening of 34 stores in the Target discount chain.

### Consolidated Cigar buy-out for \$120m

By Our New York Staff  
GULF & WESTERN has sold the Consolidated Cigar Company, which claims to be the world's largest cigar business, to a management group for about \$120m. The sale, which has been planned for some time, is in line with Gulf and Western's strategy of shifting out of its lower margin activities. The company said yesterday it would receive preferred stock and interest-bearing notes in return for the sale, and the proceeds would be roughly in line with Consolidated's book value. The disposal would not have a great impact on its financial statements, Gulf and Western added. Consolidated was acquired by the large U.S. conglomerate in 1969, and had sales of more than \$190m in the year to last July. The management group which is making the bid consists of senior executives in Consolidated.

### Losses cut at Fagersta

By David Brown in Stockholm  
FAGERSTA, the Swedish special steels and tool group, reduced its 1982 losses from SKr 102m to SKr 20m (\$2.7m on sales of SKr 2.1bn). The group said weak demand, low prices for steel products and the cost of rationalisation held back results. Steel business was said to have improved and the result of the Secoroc rock drilling unit was termed satisfactory. Fagersta predicts 1983 sales will be "positive" because of expected higher volume and prices as well as the effects of rationalisation steps.

## Oslo policies check Christiania profit rise

By Fay Gjester in Oslo

CHRISTIANIA BANK, one of Norway's largest commercial banks, says rising profits more than kept pace with a steep increase in total assets last year. The bank is paying a 13 per cent dividend for 1982 compared with 12 per cent for 1981. New shares, purchased last year, will receive half dividend. The board's annual report notes, however, that last year's results were "not as good as could be wished," despite the market improvement in the year earlier. It points out that profitability was hit by the high interest rates which the bank had to pay during the year on its short-term borrowing - a result of the Government's stringent credit policies. Since these policies have been relaxed somewhat this year, and since interest rates abroad are showing a downward trend, there is a good chance that rates on the Norwegian market will also decline. This will make life easier "both for the banks and for business and industry generally." Even so, says the board, 1983 is likely to be another difficult year for many Norwegian firms with profits and markets continuing bleak. Christiania's operating profits in

## Hoechst pre-tax profits slide for third year

By John Davies in Frankfurt

HOECHST, one of the three large West German chemical companies, has suffered another setback, with pre-tax profit falling for the third year in succession. The company, in which Kuwait has a stake of just over 24 per cent, confirmed plans to cut its dividend. BASF and Bayer, the other major West German chemical groups, have not yet reported their 1982 results, but have also forecast a disappointing outcome and dividend cuts. The industry has been hit by another year of weak worldwide demand and deepening recession at home. Hoechst's parent company pre-tax profit slipped 5.4 per cent to DM 679m (\$282m) a less drastic fall than the 20.7 per cent slump the previous year. Profits are down by a quarter from the peak result of DM 907m in 1978. The group as a whole, including foreign and domestic subsidiaries, expects to show a worse setback than the parent company, after reporting a pre-tax profit of DM 1.17bn in 1981. Hoechst plans to cut the dividend on its capital - enlarged by a rights issue at the beginning of last year - to 11 per cent, after holding it steady at 14 per cent for the previous three years. Hoechst's worldwide sales rose a marginal 1.7 per cent to DM 35.03bn, compared with a 15 per cent rise the previous year. While sales abroad increased by 2.5 per cent, domestic revenue dropped 3 per cent. Revenue also slipped in the U.S., but advanced in other European countries and Latin America. In volume terms, group sales throughout the world were static. The parent company, however, suffered a 2 per cent setback in volume sales, with the West German market weaker than exports.

Manufacturing capacity of the parent group was only 71 per cent utilised, compared with 76 per cent the previous year. Hoechst said that the total cost and volume of raw materials it used had declined, but energy costs were again higher. The pharmaceutical and information technology areas had expanded their sales, but group results were affected by problems in petrochemicals and plastics. The company said that West German business improved slightly in the past two months, compared with the last quarter of 1982. Hoechst indicated that a weak third-quarter last year that it would be unable to maintain its dividend. The company confirmed that Kuwait Petroleum, the Kuwait government-owned oil company, had built up a stake of just over 24 per cent during the previous two years.

## East Asiatic passes dividend

By Hilary Barnes in Copenhagen

DENMARK'S East Asiatic Company passed the dividend for the second year after reporting a group net loss of Dkr 255m (\$29.45m), slightly down on the Dkr 281m loss in 1981. Turnover was reduced from Dkr 24.8bn to Dkr 18.5bn, reflecting the sale and closure of nearly 30 subsidiaries in 1982. East Asiatic, one of Denmark's biggest companies, is involved in shipping, shipbuilding, food processing, metal recovery through recycling of non-ferrous scrap, and motor products manufacturing. It also has extensive interests in graphic industry machinery. Its worldwide subsidiaries were reduced from 164 to 137 during 1982. Earnings before net financial costs were cut from Dkr 615m to Dkr 650m. Financial expenses in-

creased from Dkr 915m to Dkr 1.02bn, giving a loss after net financial costs of Dkr 378m compared with Dkr 100m in 1981. The pre-tax loss was cut to Dkr 149m by net extraordinary incomes of Dkr 227m compared with net expenditure of Dkr 69m in 1981. The parent company turned a Dkr 72m profit after net financial expenditure to a Dkr 243m loss, reduced to Dkr 57m after extraordinary items. The net loss after tax was cut from Dkr 105m to Dkr 98m. The result for 1982 was described in the preliminary report as "very unsatisfactory". The strong dollar, high interest rates and weak world trading conditions were blamed. The outlook for 1983 was one of marked improvement for the company, the report said. From the end of 1983 onwards, the company could look forward to reasonable returns. Group debt was reduced from Dkr 11.2bn to Dkr 10.3bn last year, and the aim is to cut it to Dkr 8.5bn by the end of this year. The group reported satisfactory returns in several operations. The Børnemeister and Wain shipyard in Copenhagen plans to dismiss 450 of its 1,700 employees and to slow down its production rate in order to stretch the building programme, said the company. The yard still has on order five 62,000 dwt bulk carriers, in which it has specialised, but does not expect to obtain new orders in the near future. The company said it is planning to switch to the building of smaller ships, but these would not be for delivery until 1985.

## Air Florida plans new finance

By Our New York Staff

AIR FLORIDA, the loss making Miami-based airline, yesterday outlined a financing proposal aimed at disposing of its more expensive aircraft and replacing them with lower cost planes. The company said that discussions were under way with InterFirst Bank Dallas, its main lender and the holder of security interest in nearly all its assets. Among the proposals being considered are substantial deferrals of payments of interest and principal and the release by InterFirst of a second lien on four Boeing 737-200 aircraft owned by Air Florida. The company said it was discussing with a number of parties a proposal to dispose of the four aircraft, together with a substantial number of new Air Florida shares, for cash. Mr Donald Lloyd-Jones, president and chief executive, summarised what he described as the significant progress that had been made in carrying out the company's reorganisation programme. But he added that the airline continued to be constrained by a lack of liquidity and its return to financial health would be "subject to making further satisfactory arrangements for the current disposition of assets and the restructuring of existing obligations." Air Florida lost \$64m after tax in the first nine months of 1982. Its full year figures are expected later this month. The airline serves routes in Florida, the Caribbean and Central America, the northeast of the U.S. and Europe. Eastern Air Lines, the Miami-based carrier, reports a net loss of \$44.1m for the first two months of 1983, compared with a deficit of \$54.4m in the same period last year. The company said that although fuel prices had fallen, ticket prices had declined even further because of competition. Eastern's operating loss for the period was \$16.7m against \$34.5m in the first two months of 1982. Operating revenues rose from \$576m to \$614m.

## ERT plan on \$1bn debt rescheduling

By David White in Madrid

UNION EXPLOSIVOS Rio Tinto (ERT), Spain's top private chemical concern, last night offered Spanish and foreign creditors a 5 per cent shareholding in a restructured company and a six-year repayment schedule on its \$1.1bn pesetas (\$1bn) debt. The state-backed restructuring plan presented by Sr Jose Maria Escandillas, chairman, involved breaking off the group's central activities in fertilisers, explosives, refining and shipping to stop its plastics, pharmaceuticals, organic chemicals and property sides from acting as a drain on the main operation's cash flow. The offer includes drastically reduced interest payments on the part of the debt ascribed to the core activities. After 4 per cent this year, ERT would pay 1 per cent next year rising gradually to 3 per cent in 1987. The company estimated state support from different sources for the restructuring at 35bn pesetas. Sr Escandillas promised creditors a seat on the board, and said the group could be back to profits after two years. Losses last year were 10bn pesetas, to which an accumulated deficit of 34bn pesetas had to be added from previous years. Profits generated would be used to repay debt principal, he told a creditors' steering committee. The bulk of ERT's debts, half of which are in foreign currency, normally fall due this year. The company is also asking for renewal of a 10bn pesetas discount facility for commercial paper, and for a freezing of exchange rates at this month's closing level.

## Snia Viscosa to merge with defence unit

By James Buxton in Rome

SNIA VISCOSA, the Italian fibres, chemicals and munitions group, is to make a major change in its structure to take account of the greatly increased importance of its defence and space equipment interests. The parent company of the group, Snia Viscosa SpA, is to merge with its defence subsidiary BPD Difesa Spazio, to form a new parent company which will be called Snia-BPD SpA. Snia Viscosa, which had extended difficulties in the later 1970s, detached its main companies in the fibres, chemicals and defence fields into independent subsidiaries from the beginning of 1981. The parent company retained only modest interests, mainly in engineering and mining under its direct control. In 1981, it made a profit of L1.4bn (\$680,000).

## Warning on German electrical industry

By Stewart Fleming in Frankfurt

FEARS for West German exports are darkening the recovery prospects of the electrical industry, one of the leading sectors of the Federal Republic's economy. Commenting on the outlook for the sector in 1983, Dr Wolfgang Seelig, president of the Electrical Industry Association, said that in the wake of a drop in foreign orders in the second half of 1982, negative factors predominated in export markets. Dr Seelig pointed out that, for example, after strong growth in recent years, prospects in Opec and developing countries were now not encouraging. West German manufacturers would therefore have to boost their sales in the highly competitive markets of the industrial countries, especially the U.S. In spite of the uncertainties, however, the association predicts that after two years of declining output in real terms, 1983 will see a rise of between 1 and 2 per cent in production as the West German economy recovers in the second half of the year. However, it expects employment to continue to decline, by about 2 per cent, before rising next year. Last year, production in the electrical industry in West Germany rose in nominal terms from DM 94bn to DM 95bn, in real terms a decline of 1.4 per cent, a similar decline to that of 1981. Production of investment goods fell by 2.5 per cent in real terms while consumer goods output stagnated. The outcome would have been much worse but for the boost to demand in the first half of the year from booming exports. Export sales rose by 11 per cent in nominal terms to DM 49bn while domestic sales were unchanged at slightly more than DM 68bn. Thus, for the year, sales rose from DM 112.5bn to DM 117.5bn, a rise of 4.3 per cent in money terms but only 0.9 per cent in real terms. The 1.4 per cent real decline in production led to a further slump in capacity utilisation to about three quarters, the association estimates. The number employed in the industry, more than 1.1m a decade ago, is now down to 942,000. Capital investment stagnated at DM 5.5bn. Behind the real decline in production lay significant output cuts in such important sectors as telecommunications and electricity distribution.

## Bertelsmann seeks to enter cable TV sector

By Our Frankfurt Correspondent

BERTELSMANN, the West German media concern, is seeking to enter the cable television industry and build up its stake in other visual media during the 1980s. Although the company is still going through a phase of consolidation, it sees new visual technology as a future growth area, gaining some ground in relation to its book, magazine and audio interests. Bertelsmann, one of the world's largest media groups along with RCA and CBS of the U.S., has reported an 8 per cent rise in sales to DM 6.04bn (\$2.5bn) in the year to last June 30 - a slowing down from the 16.6 per cent growth of the previous year. For the first time, slightly over half of its revenues came from abroad. Group net profit rose to DM 105m from DM 63m the previous year, but more than half the increase was due to different treatment of pension reserves. Book and record clubs contributed 31 per cent of revenue; the Gruner & Jahr magazine subsidiary 29 per cent; printing, publishing and manufacturing 29 per cent; and music, film and TV 11 per cent. Dr Mark Wössner, the recently appointed chief executive, said he was convinced that Bertelsmann's task in the 1980s was to exploit the "new media" of visual communications - and so to cater increasingly for viewing as well as reading and listening. Bertelsmann was ready to invest in cable TV in West Germany, but was anxious for government decisions on how revenue could be earned, he said. He believed that plans had been

abandoned for Bertelsmann to join Deutsche Welle, the West German foreign radio service, in a cable TV project in the U.S. because Bonn refused financial aid. Bertelsmann already has video interests, including production of video discs and video cassettes. It markets some U.S. video games in Germany, Austria and the Benelux countries. Later this year, it plans to introduce video cassette lending at its chain of book club centres in Germany, giving it a dominant position in the market. Dr Wössner said that the group was concentrating at present on rationalisation and selective growth after a decade of rapid expansion. He said that new long-term expansion might lead eventually to a stock exchange listing.

## Baldwin-United in debt talks

By Richard Lambert in New York

BALDWIN-UNITED, the controversial Cincinnati-based financial services group, is attempting to restructure the debt which it took on last year in connection with a \$1.2bn acquisition. The group said yesterday that it was negotiating with its lenders to extend the term of these loans, initially through to the end of June, and thereafter with a view towards reaching agreement on longer term refinancing arrangements. Baldwin bought MGIC investment corporation last March with the aid of a one-year bridging loan of some \$600m. It said on several occasions that it would pay off the debt through asset sales and other

restructuring, and at one stage hoped to have completed the job by the end of 1982. MGIC claims to be the leading residential mortgage insurer in the U.S. and is also a major financial guaranty insurance firm. Until the end of the 1960s, Baldwin's only business was the production of high quality pianos, but under the lead of its president, Mr Morley Thompson, the group expanded at a hectic pace into insurance, leasing, banking and other financial services. The company is best known for the sales of its single premium deferred annuity. However, the company has come under a cloud in recent months, last year it injected over \$200m into the capital of a major subsidiary in order to prevent a possible capital shortage under Arkansas insurance law. More recently, there has been speculation that some big securities firms have curtailed their sales of Baldwin's annuities. According to yesterday's statement, the aim of the negotiations is to convert the MGIC acquisition debt to a term loan and to convert outstanding short-term debt to a revolving credit agreement. Both interim and term arrangements would use the stock of principal subsidiaries as collateral.

## Bankers Trust to float \$500m Greek loan

By Peter Montagnon in London

BANKERS TRUST is to be an agent for the \$500m seven-year loan now being assembled in the Euro-markets for Greece. Terms on the loan were formally settled yesterday to include a margin of 4 per cent over London Euro-dollar rates for seven years. Repayments begin after a grace period of four years. Besides Bankers Trust other lead managers include Bank of Nova Scotia, Bank of Tokyo, Citibank,

	WEEKLY U.S. BOND YIELDS (%)			
	Mar. 9	Mar. 2	High	Low
Composite Corp. AAA	11.25	11.25	14.88	10.83
Composite Corp. AA	11.45	11.43	15.24	11.18
Government:				
Long-term	10.25	10.28	14.02	10.18
Intermediate	10.10	9.91	14.24	9.91
Short-term	9.51	9.31	14.52	9.25
Municipal	N/A	8.52	12.88	8.52
Industrial AAA	11.14	11.08	14.40	10.95
Industrials AA	11.45	11.27	14.79	10.96
Utilities AAA	11.44	11.28	15.27	11.11
Utilities AA	11.51	11.29	15.99	11.29
Preferred Stocks	10.83	11.05	13.35	10.71

Source: Standard & Poor's

Dai-ichi Kangyo, Gulf International, Kuwait Foreign Trading Company, Lloyd's Bank International, Orion Royal and Sumitomo Bank. It is understood that this group could still be expanded. Eurobond report, Page 36

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



## Bank of New Zealand

(a body corporate constituted under the Bank of New Zealand Act 1979 and wholly-owned by New Zealand)

U.S. \$50,000,000 11 <sup>3</sup>/<sub>8</sub> per cent. Capital Notes 1993

Issue price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Notes:-

S. G. Warburg & Co. Ltd.

Morgan Guaranty Ltd

Bank of New Zealand

Bank of Tokyo International Limited

Commerzbank Aktiengesellschaft

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Manufacturers Hanover Limited

Merrill Lynch International & Co.

Morgan Grenfell & Co. Limited

The Notes constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to issue of the temporary global note. Interest is payable annually on 1st March, the first such payment being due on 1st March, 1984.

Particulars of the Notes and of Bank of New Zealand are available from Extel Statistical Services Limited and may be obtained during normal business hours up to and including 25th March, 1983 from:-

Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC2R 7AN.

Scrimgeour, Kemp-Gee & Co.,  
20 Copthall Avenue,  
London EC2R 7JS.

11th March, 1983.

## General Mining Union Corporation Limited

(Incorporated in the Republic of South Africa)

### AUDITED CONSOLIDATED RESULTS 1982

	1982	1981
	(R million)	
Group Income before Taxation	378.6	476.1
Group Income after Taxation	331.5	408.7
Attributable earnings	267.4	319.8
Dividends	139.6	139.6
Net Asset Value	3,210.3	2,503.5

	1982	1981
Earnings per share	335c	401c
Dividends per share	175c	175c
Asset value per share	4,024c	3,138c

FINAL DIVIDEND declared on 10 March 1983—Payable 21 April 1983.  
Amount per share 120 cents—Currency conversion 11 April 1983.

Copies of the full preliminary statement may be obtained from the office of the  
London Secretaries, 30 Ely Place, London, EC1N 6UA.

### TO ALL HOLDERS OF RICHARDSON-VICKS OVERSEAS FINANCE N.V.

Kuwaiti Dinars 7,000,000  
12 1/4% Guaranteed Bonds due 1987

(Unconditionally guaranteed by Richardson-Vicks Inc)

The first coupon for the above issue is due on 1.4.1983  
and payable on 5.4.1983.

Contract  
Kuwait Foreign Trading Contracting & Investment Co.  
(S.A.K.) who are the principal paying agent regarding  
procedure for the redemption of coupons.

KFTCIC  
P.O. Box 5665, Safat, Kuwait  
Tel: 449030/449031  
Telex: 465008 or 46509 KFTSTL

Paying agents:  
Citibank (Luxembourg) S.A. Citibank N.A.  
16 Avenue Marie Therese Avenue de Tervuren 249  
Luxembourg Brussels, Belgium.

## INTERNATIONAL COMPANIES and FINANCE

The takeover of CDCP has sparked a fiery reaction, reports Emilia Tagaza

### Filipino concern over state share buying

THE GOVERNMENT takeover last month of Construction and Development Corporation of the Philippines (CDCP), the country's largest construction company, has heightened the debate over the Government's growing degree of control of major private corporations. Apart from CDCP, the Government now has controlling interests in many of the country's major luxury hotels, big mining companies and manufacturing concerns. All accomplished within four years of buying into private companies' equity.

But foreign banks and multi-lateral lending agencies which have substantial exposure in the Philippines are not happy with the way with which the Government has been taking over companies, even if the rescue of distressed concerns that show promise of being profitable in the future is involved. One foreign banker says that the Government is nursing ailing companies with public funds, and that "this is worrying because government ownership in sick companies is hemorrhaging the country's budget, which has been cut under pressure from international creditors."

The Philippines has just obtained \$510m in concessional facilities from the International Monetary Fund (IMF) to help tide it over its balance of payments problems—the deficit last year reached \$1.1bn, double the \$560m shortfall incurred the year before.

In granting the amount of the loan, the IMF had set certain conditions on the Philippine Government, primarily the curbing of its budgetary spending, partly through the reduction of its outgoings on corporate equity account. "Considering the pressure on the budget, the takeover and sustenance of sick companies are exercises the Government could ill

Mr Panfilo Domingo, for 10 years the president of Philippine National Bank (PNB), the country's largest commercial bank, retired just after the Government announced its takeover of CDCP. The timing of his retirement raised the idea that the move was helped along by the CDCP takeover.

PNB, which has been CDCP's major creditor, became the concern's largest stockholder, holding 40 per cent of the capital stock. Many, therefore, expected that Mr Domingo would take a post at CDCP.

Mr Roberto Ongpin, the

Trade and Industry Minister and chairman of the National Development Company, now holding the second biggest interest in CDCP, was named president mainly by virtue of his deep involvement in the construction industry. Mr Ongpin heads the Philippine Overseas Construction Board.

At the PNB stockholders' meeting last Tuesday, Mr Domingo said that his retirement, which has been accepted by President Ferdinand Marcos, was prompted by an eye ailment. Known as a "rebel banker" because of his unconventional and bold ideas, Mr Domingo, 57, spent

his entire 35-year banking career with PNB. Mr Placido Mapa, Jr, director-general of the National Economic and Development Authority, has been appointed to the PNB board.

During Mr Domingo's term as president, PNB reported record profits and assets. Last year, the bank's assets amounted to 6.8m pesos (U.S.\$5.5bn). However, net profits declined primarily because of the higher cost of funds and increased operating expenses. Last year's net income reached 139m pesos (\$11.7m), down from 1981's 230m pesos.

One foreign banker has said that it would help the Government greatly if it allowed the liquidation of some of the companies it has taken over, especially the unremediable ones. He said that some are worth rescuing, but instead of stretching its budget on these weak companies, it could even up their majority ownership to foreign companies.

Under Philippine laws, foreign companies can own only up to 40 per cent of non-pioneering companies. "Some foreign companies may be initially wary of buying sick firms. But I could see them venturing into the Philippines, and they could assist distressed firms with their long financial strings. The foreign option is one thing that the Government could consider as an alternative to its own heavy exposure in private companies."

and the National Development Company (NDC), the Government's investment arm, served as the major channels of the rescue fund.

CDCP was the first beneficiary of the rescue fund. Beset by short-term debts, carrying high interest rates, CDCP was on the verge of financial collapse. To avert this, NDC injected some \$33m.

However, two years after the rescue operation, CDCP still showed little improvement in financial performance, and the Government two weeks ago gave further aid. A total of 3.9m pesos in loans from state financial institutions—mostly from PNB—were converted into shares, raising the Government's interest to 90 per cent.

The CDCP takeover has been supported on the grounds of the \$1bn-worth of contracts it is currently undertaking. Most of CDCP's projects are abroad, mainly in the Middle East, and the Government does not want to spoil its record as a reliable contractor. Moreover, the Middle East projects have provided a fertile market for the Philip-

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### United Overseas Land to make S\$150m issue

BY GEORGE LEE IN SINGAPORE

UNITED OVERSEAS LAND (UOL) has announced that it is seeking fresh funds through a public issue of S\$150m (U.S.\$72.2m) convertible unsecured loan stock with a five-year life. The announcement follows the group's modest 9 per cent rise in pre-tax profits to S\$18m for 1982.

Net profits fell by 14 per cent to S\$7.3m after a sharp rise in the tax charge of 84 per cent to S\$10.7m.

The earnings growth was sharply lower than the 71 per cent increase in group pre-tax

profit achieved in 1981. UOL, which is a property company in which the United Overseas Bank group has a controlling interest, said the purpose of the loan stock issue was to raise long-term funds to finance its on-going projects.

Preference will be given to applications by ordinary shareholders on the basis of S\$1 nominal of loan stock for every ordinary share held. The major shareholders are expected to apply for their preferential entitlement amounting to S\$45.5m.

### Hitachi Zosen plans to cut costs by 20%

HITACHI ZOSSEN, one of the largest Japanese shipbuilding companies, is planning a rationalisation programme for the coming year, aimed at cutting costs by 20 per cent and increasing its international competitiveness, especially against South Korea, reports Meester from Tokyo.

Hitachi Zosen plans capital spending of about ¥10bn (\$42m) in 1983-84, against an estimated ¥13.5bn in the year to March 1983.

Most of the 1983-84 spending has been earmarked for the introduction of industrial robots and other cost-saving equipment.

### Bahrain Middle East Bank shows profits of \$10.9m

BY MARY FRINGS IN BAHRAIN

BAHRAIN MIDDLE EAST BANK (BMB), which is due to open its offshore banking unit (OBU) at the end of this month, made profits of \$10.9m in 1982. The board of directors has decided to retain earnings for the first three years.

BMB's issued capital of \$500m has been half paid up since May last year, following a public offer of 17 1/2 per cent of the stock which was more than 600 times over-subscribed. The bank subsequently acquired 11 per cent of Grindlays Holdings and 25 per cent of Cavendish Guarantee Trust, a small London deposit-taker which had been set up a year earlier by two of BMB's Kuwaiti directors.

The balance-sheet shows total assets at the end of December of \$140m, customer deposits of \$15m and loans of \$51m. Mr K. J. A. Katchadourian, the general manager, said BMB had already participated as co-manager in a \$25m sovereign loan to Jordan (led by Arab Bank Investment Company), and was currently looking at another 40 loans and trade financing arrangements.

Bahrain International Bank (BIB), which is also gearing up for the opening of its OBU, has reported a 1982 profit of \$24m. In January last year, BIB offered to the public 15 1/2 per cent of its \$150m issued and fully paid capital, and the offer was 417 times over-subscribed.

The balance-sheet shows total assets of \$206m and loans and advances of \$51m. BIB has not yet taken deposits from clients.

### Hanimex moves into red

BY LACHLAN DRUMMOND IN SYDNEY

HANIMEX CORPORATION, the Australian photographic equipment distributor and manufacturer, saw a A\$1.52m profit turned into a A\$3.38m loss (U.S.\$2.9m) net loss in the half year to December 31 after a A\$1.94m profit previously. The dividend, 4.5 cents previously, has been passed.

The abnormal and extraordinary items reflect the efforts by the new controlling shareholder, Burns Philp, to turn around the group, which had a A\$2.5m loss for all of 1981-82.

### David Jones lifts dividend

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DAVID JONES, the Australian retailer which is a subsidiary of Adelaide Steamship Company, has raised its interim dividend from 10.5 cents a share to 10 cents for the six months to January 29, 1983, despite a 12.4 per cent decline in gross profit.

Gross profits for the period were A\$17.1m (U.S.\$14.6m), against A\$19.5m previously, but tax was lower (A\$2.5m against A\$3.6m), and net profit was 9.7 per cent lower at A\$12.2m (A\$14.7m).

After taking in equity accounted profits of A\$2.2m, the attributable net profit was put at A\$15.2m, against A\$15.3m.

### Financial Results, 1982

Summary of the Group

US\$ million		DKK. million				
1981	1982	1978	1979	1980	1981	1982
266	324	939	1,275	1,578	2,233	2,718
97%	96%	96%	96%	97%	97%	96%
54	73	97	138	239	449	609
13	16	22	34	63	108	134
41	57	75	103	176	341	475
-	4	-	-	-	-	37
73	88	338	409	495	611	743
4	(1)	35	52	61	33	(12)
8	9	23	27	39	68	77
15%	17%	10%	12%	13%	15%	17%
364	448	1,391	1,496	1,994	3,088	3,769
213	265	590	667	959	1,786	2,223
54	54	284	284	380	452	455
50	72	138	167	249	423	601
38	59	160	126	201	305	495
26	31	112	128	182	215	268
11	14	43	54	73	92	120
3,705	3,987	2,859	3,051	3,316	3,705	3,987
2,951	3,213	2,352	2,518	2,705	2,951	3,213
432	443	313	310	382	432	443
172	161	70	106	135	172	161
150	170	124	118	124	150	170

Earnings per Share

	1978	1979	1980	1981	1982
Earnings before extraordinary income per Share (A and B)	22.28	30.54	50.01	81.78	104.89
ADP	4.46	6.11	10.00	18.36	20.94
	US\$				
Share (A and B)	2.66	3.64	5.86	9.75	12.49
ADP	0.53	0.73	1.19	1.95	2.50
Weighted average number of shares outstanding (million)	3.4	3.4	3.5	4.2	4.5
Shares (A and B)	16.9	16.9	17.6	20.9	22.7
ADPs					

Shareholders' Funds

	DKK. million	US\$ million
Shareholders' funds, end of 1981	1,786	213
Retained earnings	435	52
Conversion of US\$ convertible loan	3	0
Employee share issue	2	0
Other	(3)	0
Shareholders' funds, end of 1982	2,223	265

All amounts which are stated in US\$ have been translated from Danish kroner at the exchange rate ruling on 31st December 1982 (US\$1 = DKK 8.3940).

Sales

The Novo Group  
Novo's consolidated sales in 1982 increased 22 per cent to DKK 2,718 million from DKK 2,233 million in 1981. Sales outside Denmark accounted for 69 per cent of the Group's turnover.

Earnings

Income before taxation and extraordinary income was DKK 608 million, or 22 per cent of sales. Income before extraordinary income increased 39 per cent to DKK 475 million from DKK 341 million in 1981. Income before extraordinary income - net income for the year was DKK 512 million.  
Earnings per share before extraordinary income increased in 1982 to DKK 104.89 (US\$ 12.50 per ADR) from DKK 81.78 (US\$ 9.95 per ADR).

Capital Expenditures

In 1982 DKK 485 million was invested in plant and equipment, environmental protection and safety measures, compared to DKK 303 million in 1981. Total capital expenditures for 1983 are expected to be in the order of DKK 600 million.

Research and Development

As a result of Novo's commitment to research and development, which was continued and expanded in 1982, new technological achievements were attained. Thus Novo prepared for production of its first enzyme produced by a strain of bacteria modified by recombinant-DNA techniques; Novo announced the debranching enzyme Promozyme™ to improve yields and economies for starch processors, and Novo applied for patents for new developments within the area of insulin stability.

Novo Industri A/S

Income before extraordinary income of the parent company, Novo Industri A/S, increased 29 per cent from DKK 365 million in 1981 to DKK 471 million in 1982. Inclusive of extraordinary income resulting from settlement of a patent infringement suit, net income in 1982 amounted to DKK 508 million.  
The Board of Directors proposes the following appropriation of the year's net income:

	DKK. million
Net income for the year	508
Dividend: DKK 17 per share (A and B)	77
Investment fund	140
Retained earnings	291

At the Annual Shareholders' Meeting to be held on 12th April, 1983 at Barsebysgrunden, Copenhagen, the Board of Directors will further seek an authorisation to increase the company's share capital with a nominal amount of B Shares of not less than DKK 20 million and not more than DKK 45 million. The new shares will - without preemptive rights for the company's existing shareholders - be offered for subscription at market price by a U.S. banking consortium.

The Annual Report will be available in Danish and English by early April 1983.

The B Shares are listed on the Stock Exchanges in Copenhagen and London.

The ADRs, which each represents one fifth of a B Share, are listed on the New York Stock Exchange.

The Board of Directors  
Bagevaerd, 7th March, 1983

NOVO INDUSTRIA S

Novo Allé  
2860 Bagsvaerd, Denmark



### Fuqua Overseas Finance N.V. U.S. \$50,000,000

Guaranteed Floating Rate Notes due 1987

Unconditionally guaranteed as to payment of principal and interest by

Fuqua Industries, Inc.

In accordance with the provisions of the Notes, notice is hereby given that for the six months from 14th September 1983 the Notes will carry a Rate of Interest of 9 1/4% per annum with a coupon amount of U.S. \$253.96.

Agent Bank  
CHEMICAL BANK INTERNATIONAL LIMITED

### CREDIT NATIONAL US\$200,000,000 Guaranteed Floating Rate Notes 1994

Unconditionally guaranteed as to payment of principal and interest by

THE REPUBLIC OF FRANCE

For the six month period  
9th March 1983 to 9th September 1983

the Notes will carry an interest rate of 9 1/4% per annum

Bankers Trust Company, London.

Fiscal Agent



# TECHNOLOGY

EDITED BY ALAN CANE

## EUROPE FAILS TO PROVIDE A FLOW OF PRODUCTS

# Battleground for chip manufacturers

BY ELAINE WILLIAMS

EUROPE has been dismissed as a major source in developing silicon chip making equipment by both U.S. and Japanese manufacturers presently battling against each other for domination of the world market.

At a major exhibition of predominantly U.S. equipment held by the Semiconductor Equipment and Materials Institute in Zurich this week, Mr. Friedrich Weller, managing director of Applied Materials in Munich and a senior member of the industry's trade association, said that efforts of various European governments to encourage the growth of the equipment manufacturers have "yet to produce a meaningful flow of products."

Semiconductor equipment makers are the bedrock of the electronics industry. They make the advanced equipment which allows silicon chip designers to produce smaller and more sophisticated circuits at ever-decreasing cost.

### Fragmented

They provide a wide variety of equipment and materials for chip making from the basic stepper machines used to imprint the fine patterns on the silicon wafer which will eventually become a complete electronic circuit. Even testing components after manufacture can be included in this diverse and fragmented industry.

For many years the U.S. industry has held sway over this market with its main occupation fighting the invisible enemy of dust and dirt. Microscopic particles of dust and dirt are responsible for destroying millions of integrated circuits during manufacture.

Now, its attention is firmly turned to beating off the Japanese competition which has become more evident since the late 1970s. This followed the Japanese government's funding of the very large scale integrated circuit programme which was designed to allow Japanese companies to catch up with U.S. technology. To do this it was strategically important to develop the manufacturing equipment as well.

In a relatively short time



Work at the National Semiconductor chip manufacturing plant at Santa Clara, California

Japan dominated its home market for chip-making equipment and has now an estimated 35 per cent of the U.S.\$1.5bn world market. Last year was not a good year for the industry with sales growing at less than 5 per cent—probably the lowest in the industry's history.

This year growth is expected to be in the region of 8 per cent with higher growth in subsequent years. The U.S. still has the lion's share of this market with some 55 per cent of the total. A mere 10 per cent left for other foreign manufacturers.

Ironically, Europe is a growing market for semiconductor equipment and is an increasing battleground for Japanese and U.S. makers. France, West Germany and Britain all have programmes under many names to encourage the growth of indigenous companies. For example, British companies can obtain funding for new products

under the Microelectronics Industry Support Programme (MISP).

E.P. Electrotech, one of the few dozen British companies involved in the exhibition held at Zurich, has benefited from MISP funding. It expects a turnover of about £10m this year and exports 80 per cent of its products. It believes that British companies should not be dismissed so lightly and that the technology is just as good in the UK as anywhere else in the world.

Its main criticism is that while the government agencies have been very supportive in the development of the company's products, little effort has been put into encouraging universities and other government funded bodies to buy British equipment rather than look to the U.S.

As well as home grown industry, there is some evidence that overseas companies are being

attracted to the UK. This is highlighted by the recent announcement that Allen-Rite, a Californian producer of photomasks for semiconductor manufacture is setting up a factory at Bridgend, South Wales.

It is being set up in Wales' first science park obviously attracted by grants and the nearby Llanos factory, though it will service the European market. It aims to provide the most advanced masks—used in the pattern-making process for chips—yet available in the industry.

### Jitters

But the main battle is being fought on the U.S. soil. That the U.S. is feeling very jittery about its position is highlighted by the fact that the Semiconductor Equipment and Materials Institute, SEMI, which represents 700 manufacturers—mainly of U.S. origin—is spending U.S.\$11m over the next two

## SMOOTH START-UP IN INDUSTRY

# Chip to control induction motors

BY ANNE CHARNOCK

A SINGLE chip, programmed to control three-phase electric induction motors, is now commercially available which saves energy, allows heavy industrial motors to start up smoothly and switches off operations when a fault is detected.

Fairford Electronics, a small Devon-based firm, is programming Motorola chips and selling them at less than £30 to existing manufacturers of control gear. Already the development has been described as "unique" by Laurie Acton, products manager for GEC industrial controls.

According to Ray Bristow, initiator of the controller's development, the real breakthrough has been in analysing the highly complex logic involved in three-phase control and reducing the number of programming statements to fit onto a single chip. An electrical engineer by profession, Bristow first considered the potential for a microprocessor controller in 1979 and teamed up with two researchers at Plymouth Polytechnic to carry out development work.

The chip is programmed to monitor the amount of work being done by an electric motor and alter the power intake to match. It assesses the work output, or the "load," by constantly monitoring the phase lag between voltage and current waveforms, which increases as the motor's load decreases. But the Fairford chip is not

merely aimed at energy savings. According to Bristow, because the chip controls the amount of energy going into the motor, it can increase the supply gradually to provide a so-called "soft start," reducing the degree of stress endured by heavy industrial machinery when switched on.

A Fairford soft starter will be a tough competitor for electromechanical devices, such as the Star Delta Starter, which currently dominate the market. These are crude systems, not to mention bulky and noisy, and they apply full power in just two steps.

If a small, Fairford-based control box is installed, the operator selects a start up period of between 1 second and 30 seconds and the power is applied smoothly. Even the "in-rush" current which first magnetises the machine is eliminated and Fairford claims this to be a unique achievement. Price will be a big attraction. Pay-back for a Fairford-based controller is put at around three months—depending on the extent on energy savings—a fraction of the pay back on electromechanical starters.

The chip is also programmed to detect faults resulting in loss of current in a phase. When this happens the motor is automatically shut down.

Bristow and his team worked for three years on minimal financial resources and were

rescued from cash crisis by the Intermediate Technology Development Group, a London-based charity which provides technical advice to local enterprise trusts. Brian Padgett of ITDG, an innovator in his own right having developed the spray-cooled alternator and mechanical constant speed drives for aircraft, sees the Fairford device as "the most exciting development in motor control gear for the past 30 years." The main problem he says is the "credibility gap."

According to Acton "I personally believe that in the next five years we will see a turnaround with electromechanical starters being replaced by a Fairford form of system. I can't understand why people in the microprocessor business have not seen this opportunity before now."

## Earthquakes Derritron Electronics

LAKE STEVE, a new company formed to acquire the earthquake simulation interests of the Derritron group which went into receivership late last year (see this page March 7) has asked us to make clear that it is now trading as Derritron Electronics and Servotest and providing earthquake simulation services.

## PETROL PUMP CONTROLLER FROM GILBARCO

# Price setting for fast throughput

UNDER DEVELOPMENT by Gilbarco of Basildon are a petrol pump controller T12E and a retail data system designated T15, the first to go into production soon and the second intended for early field trials.

The T12E can cope with the data flow from up to 12 Highline petrol pumps by buffering allowing faster forecourt throughput. It has central price setting at two levels for four fuel grades while money and volume totals are available in a variety of formats, with fuel stock data.

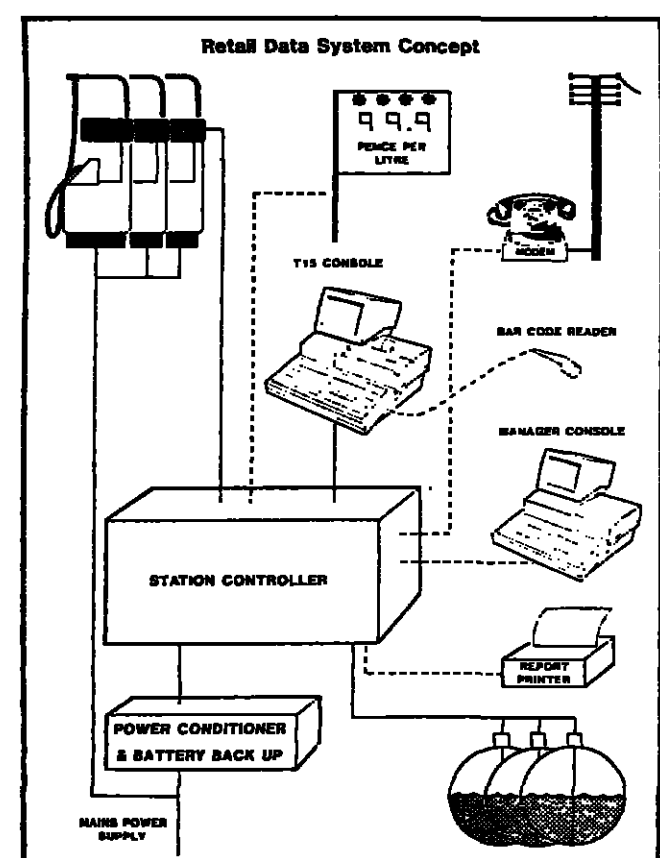
The T15 is a single kiosk forecourt controller/console combining self-service pump control, cash register functions, and an

interface to electronic tank contents gauges. A practical cash control, stock reconciliation and business operating report structure is built in.

Among the additional functions available are a magnetic stripe reader for agency and credit card transactions and a modem for transfer of data to a remote computer.

Gilbarco says that when the market demands it the product will also be able to offer bar code reading and price look-up, together with management analytical reports and an automatic price pole sign which changes price with the pumps. More on 0268 3090.

GEORGE CHARLISH



## BASE LENDING RATES

A.B.N. Bank	11 1/2	Gulf G'tee Trust Ltd.	12 1/2
Allied Irish Bank	11 1/2	Hambros Bank	11 1/2
Amro Bank	11 1/2	Hargrave Secs. Ltd.	11 1/2
Bank of America	11 1/2	Heritable & Gen. Trust	11 1/2
Bank of Australia	11 1/2	Hill Samuel	11 1/2
Bank of Canada	11 1/2	C. Hoare & Co.	11 1/2
Bank of China	11 1/2	Hongkong & Shanghai	11 1/2
Bank of India	11 1/2	Knightsbridge Trust Ltd.	11 1/2
Bank of Japan	11 1/2	Knowles & Co. Ltd.	11 1/2
Bank of Korea	11 1/2	Liens Bank	11 1/2
Bank of London	11 1/2	Matinelli Limited	11 1/2
Bank of Mexico	11 1/2	Edward Manson & Co.	11 1/2
Bank of New York	11 1/2	Midland Bank	11 1/2
Bank of Persia	11 1/2	Morgan Grenfell	11 1/2
Bank of Portugal	11 1/2	National Westminster	11 1/2
Bank of Spain	11 1/2	Norwich Gen. Inst.	11 1/2
Bank of Siam	11 1/2	P. S. Refson & Co.	11 1/2
Bank of Switzerland	11 1/2	Royal Trust Co. Canada	11 1/2
Bank of Taiwan	11 1/2	Roxburgh Guarantee	11 1/2
Bank of Thailand	11 1/2	Slavenburg's Bank	11 1/2
Bank of Tokyo	11 1/2	Standard Chartered	11 1/2
Bank of Union	11 1/2	Trade Dev. Bank	11 1/2
Bank of Vietnam	11 1/2	Trustee Savings Bank	11 1/2
Bank of Yugoslavia	11 1/2	T.C.B.	11 1/2
Bank of Zaire	11 1/2	United Bank of Kuwait	11 1/2
Bank of Zimbabwe	11 1/2	Volksbank Int'l. Ltd.	11 1/2
Bank of the Middle East	11 1/2	Westpac Banking Corp.	11 1/2
Bank of the Pacific	11 1/2	Whiteaway Ltd.	11 1/2
Bank of the South	11 1/2	Wintrest Secs. Ltd.	11 1/2
Bank of the East	11 1/2	Yorkshire Bank	11 1/2
Bank of the West	11 1/2	Members of the Accepting Houses Committee:	
Bank of the North	11 1/2	7-day deposits 8 1/2	
Bank of the South	11 1/2	1-month deposits 9 1/2	
Bank of the East	11 1/2	3-month deposits 10 1/2	
Bank of the West	11 1/2	6-month deposits 11 1/2	
Bank of the North	11 1/2	12-month deposits 12 1/2	
Bank of the South	11 1/2	Overseas deposits 13 1/2	
Bank of the East	11 1/2	Call deposits 14 1/2	
Bank of the West	11 1/2	Overseas deposits 15 1/2	
Bank of the North	11 1/2	Overseas deposits 16 1/2	
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Bank of the West	11 1/2	Overseas deposits 95 1/2	
Bank of the North	11 1/2	Overseas deposits 96 1/2	
Bank of the South	11 1/2	Overseas deposits 97 1/2	
Bank of the East	11 1/2	Overseas deposits 98 1/2	
Bank of the West	11 1/2	Overseas deposits 99 1/2	
Bank of the North	11 1/2	Overseas deposits 100 1/2	

## Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

### Preliminary Profit Announcement and Balance Sheet and Notice of Final Dividend on the Ordinary Shares

Subject to final audit, the abridged consolidated income statement of Anglo American Gold Investment Company Limited and its subsidiary companies for the year ended February 28 1983 and the abridged consolidated balance sheet at that date, are as follows:

CONSOLIDATED INCOME STATEMENT		CONSOLIDATED BALANCE SHEET	
	1983 R000	1982 R000	1983 R000
Investment income	196 747	249 934	21 952
Interest earned	10 700	9 398	32 130
Surplus on realisation of investments	1 021	—	30 880
	208 468	259 332	237 814
Administration and other expenses	3 389	3 839	291 896
Interest paid	213	256	—
Costs of prospecting	4 762	4 537	1 350
	8 364	8 632	12 500
Profit before taxation	200 104	250 700	291 896
Taxation	3 770	2 268	297 750
Profit after taxation	196 334	248 432	—
Preference dividends	772	2 085	—
Profit attributable to ordinary shareholders	195 562	246 347	—
Earnings per share — 890.9 cents (1982: 1 122.2 cents)			—
Dividends			—
No. 69 — (interim) of 360 cents (1982: 500 cents) per share	79 027	109 760	—
No. 70 — (final) of 500 cents (1982: 500 cents) per share	109 760	109 760	—
	188 787	219 520	—
Retained profit	6 775	26 827	—
Unappropriated profit, February 28 1982	18 418	18 544	—
Adjustment thereto for changes in exchange rates	(129)	(708)	—
	18 289	17 836	—
Appropriations to reserves:			—
Non-distributable reserve	1 250	1 250	—
General reserve	15 000	25 000	—
	19 250	26 250	—
Unappropriated profit, February 28 1983	5 814	18 418	—

Note: It is expected that the forty-sixth annual report of the company in respect of the year ended February 28 1983 will be posted to members on or about March 30 1983.

### FINAL DIVIDEND

On March 10 1983 a final dividend (No. 70) of 500 cents per ordinary share (1982: 500 cents) for the year ended February 28 1983 was declared payable on April 29 1983 to shareholders registered in the books of the company at the close of business on March 25 1983 and to persons presenting coupon No. 70 marked "South Africa" detached from share warrants to bearer.

The ordinary share transfer registers and registers of members will be closed from March 26 to April 8 1983, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about April 28 1983. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on March 28 1983 of the rand value of their dividends (less appropriate taxes).

Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before March 28 1983.

The effective rate of non-resident shareholders' tax is 14.9651 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries.

secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61051, Marshalltown 2107) and Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 5EQ.

Holders of share warrants to bearer are notified that the dividend is payable on or after April 29 1983 upon presentation of coupon No. 70 (marked "South Africa") only at the offices of Barclays National Bank Limited, Stock Exchange Branch, Diagonal Street, Johannesburg 2001, South Africa—Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich, Switzerland—Credit du Nord, 6 and 8 Boulevard Haussmann, 75009 Paris, France and Banque Bruxelles Lambert, 24 Avenue Marnix, 1050 Brussels, Belgium. Coupons must be left at least four clear days for examination.

Proceeds of dividends in respect of coupons marked "South Africa" may at the request of the depositors, be converted through an authorised dealer in exchange in the Republic of South Africa, into any currency. The effective rate of exchange for conversion into any such currency will be that prevailing at the time the proceeds of the dividends are deposited with the authorised dealer in exchange.

By order of the board  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
per W. G. Nicol  
Divisional Secretary  
London Office:  
40 Holborn Viaduct  
London EC1A 1AJ

15, 16 March 1983  
11 am to 8 pm

17 March 1983  
10 am to 4 pm

# INDUSTRIOUS OLDHAM

An Exhibition of over 70 Oldham Companies

## QUEEN ELIZABETH HALL

for information phone 061-678 4000

# HNG HOUSTON NATURAL GAS

Quarterly Dividend

The Board of Directors of Houston Natural Gas Corporation has declared the following quarterly dividends, all payable April 1, 1983 to holders of record March 14, 1983.

\$1.16 1/4 per share on the 4.65% Cumulative Preferred Stock, 1984 Series (\$100 Par), and 4 3/4% per share on the Common Stock (\$1 Par)

Clifford Campbell  
Vice President and Secretary  
March 4, 1983

## UK COMPANY NEWS

## R. Dutch/Shell net income improves

NET INCOME of the Royal Dutch/Shell group for the fourth quarter of 1982 came to £748m, to raise the year's total from £1.88bn to £1.99bn.

Of this, £762m is again attributable to Shell, while the Royal Dutch share goes up from £1.22bn to £1.23bn. Earnings are shown as 88.1p (88.1p) and £1.21 (122.5p) respectively. Shell is raising its dividend from 20.5p to 21.8p, with a final of 12.6p, and Royal Dutch is paying £1.75 for 1982, against £1.75, the final being £1.465.

At the year-end net assets per share were Shell 613.7p (19.28p) and Royal Dutch £1.60.97 (£1.151.24).

Results are on the current basis of currency translation. As comparison of the underlying trends of the business is facilitated if the results are calculated on the basis of the estimated current cost of supplies rather than on the first-in first-out (FIFO) method of inventory valuation used by most Shell companies. After this adjustment, 1982 net income would be £1.88bn compared with £1.35bn for 1981.

The result was achieved notwithstanding the recession coupled with falling demand and oversupply of crude oil. However, on aggregation group sterling net income benefited considerably from the weakening of sterling against most major currencies, particularly in the fourth quarter.

The improvement in earnings

on the basis of estimated current cost of supplies arose mainly in the manufacturing, marine and marketing sector within the oil and gas segment outside North America. During 1981 group companies had a crude oil cost disadvantage over some of their major competitors with access to low priced crude; this was no longer the case in 1982.

Excluding Shell Oil and Shell Canada, earnings in the exploration and production sector increased as a result of significantly higher North Sea equity crude oil production and a strengthening dollar. Losses continued in chemicals while in metals they increased significantly, reflecting the continuing deterioration in position.

Coal recorded a profit, although at a lower level than in 1981. Shell Oil in the U.S. reported a 6 per cent decrease in dollar earnings for the year. Earnings in oil and gas exploration and production, oil products and chemicals activities were all below those for 1981. However, after translation into sterling, the contribution of Shell Oil increased, as a result of the weakening of sterling.

Despite improved earnings from the exploration and production sector, Shell Canada's earnings fell considerably, mainly due to a decline in the oil products and chemicals segments.

Tax charges for group companies at £42bn were 200m higher than the previous year; this increase arose mainly in

## HIGHLIGHTS

Midland Bank surprised the market yesterday by posting an 8 per cent increase in pre-tax profits. The performance owes much to a buoyant result from gilts and full consolidation of Crocker. Adjust for those, but take into account the sharp increase in the bad debt provision and Midland has still put up a strong underlying growth rate. Elsewhere Lex looks at the full year profits from Laesne and the oil group's £45m cash call on shareholders. Elsewhere on the oil scene Royal Dutch Shell reported its full year figures showing a marginal increase in net income to £1.99bn. Finally the column considers Cadbury Schweppes latest announcement where a better year overseas, particularly in the U.S., has compensated for a decline in the UK.

relation to oil and gas producing activities.

Capital expenditure at 4.42bn was some 33 per cent above last year and was primarily financed from funds generated from operations. Total of inventories and receivables net of payables decreased by £621m, partly due to a decline in the volume of oil stocks. Long-term debt and capitalised lease obligations (including the short-term part) increased by £594m (excluding the effects of currency translation). Cash and short-term securities rose by £1.68bn and amounted to over £4 trillion (million million) at the year-end. The long-term debt ratio of 25 per cent was the same as at the end of 1981.

With the underlying oil surplus, the mild winter and the uncertain crude oil price situation the market became very unsettled towards the end of the year. So far in 1983 these conditions have resulted in a further downward trend of crude oil product prices. The prevailing uncertainties are such that no meaningful predictions can be made as regards oil price levels.

See Lex

## J. Bibby tops £15m and lifts dividend

AN INCREASE of 24 per cent in pre-tax profits, a higher dividend total and a proposed one-for-two scrip issue have been announced by J. Bibby & Sons, industrial and agricultural group.

Following a second half boost from £7.26m to £9.58m, pre-tax profits for the year to January 1 1983 finished at a record £15.14m against £12.18m. Turnover expanded from £204.59m to £245.61m.

Looking to the future Mr Leslie Young, chairman, says that the broad spread of Bibby's activities will enable a further increase in profits to be achieved in 1983.

Earnings per 50p share are shown to be ahead from an adjusted 24.16p to 30.45p. The final net dividend has been effectively raised from 4.067p to 5.15p which gives an increased total of 7p compared with an adjusted 5.667p.

The industrial group produced an increased trading surplus due mainly to hospital and laboratory supplies and the first full year's contribution from the industrial services division.

## ● comment

The market has come to expect firm growth from Bibby but yesterday's pre-tax figure was up to £15m over expectations. Shares climbed 35p to a record 430p.

Most of the profits advance came from the agricultural division with a trading increase of some £3.5m, including a sharp recovery on turkeys. The feared flood of French birds did not occur but a slight risk of this persists in the current year. In a desperate market profits from paper activities fell £200,000 but was offset by a similar gain by Starline. In the event it was edible oils which provided the biggest setback in an over-supplied market, with an £800,000 dive. Internal action and more stable markets for paper and edible oils indicate a small upturn here next time but the main feature of 1983 should be the first full-time contribution from Corning Glass, likely to be between £1m and £1.3m—£300,000 last year—against which must be set the interest costs arising on the next two payments totalling £4.4m due in April and October. There could also be a useful pick-up from hospital services. Gearing at year end was only 8.7 per cent leaving room for acquisitions probably in the U.S. At this stage the outlook is for an easy ride to an over £17m total for 1983, putting the prospective p/e around 20.

Looking forward, Sir Adrian comments: "Nineteen eighty-three will be a year in which we build on the changed pattern of our international business. We shall back our brands in the market place and invest in their efficient manufacture to give good value to consumers. I am confident that the company will show continued progress."

At the year end—January 1 1983—group assets employed had increased from £540.1m to £601.5m. Shareholders' funds were £389.6m (£384.2m), loan capital £147m (£113.8m), net current assets £139.9m (£20.3m), including short-term loans receivable £60.3m (£11.7m), cash £22.4m (£25.1m), and short-term borrowings £100.4m (£53.2m). Annual meeting, May 5 at noon.

See Lex

## Midland Bank up despite £196m bad debt provision

DESPITE an £82.6m increase in provisions against possible bad and doubtful debts to £196.1m, the Midland Bank group raised its 1982 profits from £23.2m to £25.14m at the pre-tax level, an improvement of 8 per cent.

There was an advance of 29 per cent in group profits before the provision which Mr Geoffrey Taylor, chief executive, describes as "encouraging." He says this provides a clear indication that the measures to improve income as well as contain costs throughout the group are beginning to have a beneficial effect.

Although there will be many challenges to be faced in the months ahead Mr Taylor feels the group is now well positioned for the future.

Meanwhile, a second interim dividend of 17.5p (16p) raises the net total by 1.5p to 25.5p per £1 share.

In his statement accompanying the results Sir Donald Barron, the chairman, reveals that the charge for specific bad and doubtful debts rose to £165m for 1982 and that it was thought prudent to raise the general provision by £34.1m.

He comments that these figures reflect the continuing economic difficulties being experienced by the bank's customers, both domestically and internationally.

The sterling-based domestic banking sector contributed 65 per cent of the group's surplus before tax and loan interest, compared with 62 per cent in 1981. The figures included some £41m which arose from a restructuring, during the year, of the portfolio of gilt-edged securities.

Performance of the Midland clearing bank was encouraging despite an average base rate of 13 per cent lower than 1981, a substantial increase in the charge for bad debts and a 3 per cent fall to 28 per cent in the average level of current account monies, as a percentage of the deposit base.

The remainder of the bank's deposit mix includes 28 per cent of deposit account funds (down from 29 per cent in the previous year) and 44 per cent of funding from the money markets (an increase on the equivalent 40 per cent in 1981).

Net interest income increased by 11 per cent aided by a growth of 19 per cent in the level of year-end advances, and an increase in the margin between average base rate and seven-day deposit rate from 2.6 per cent to 3 per cent. Commission income rose by 20 per cent compared with 1981 and there was a further improvement in

the containment of costs, a trend which is expected to continue.

The pre-tax profit of Clydesdale Bank Group fell by 27 per cent to £16.8m. Although "satisfactory progress" was made at the trading level, the performance was adversely affected by a higher charge for bad debts.

In Northern Ireland and the Republic of Ireland, Northern Bank Group continued to suffer from the severe economic difficulties. The level of pre-tax profit was £3.7m, a drop of 56 per cent of 1981 due primarily to an increase in the bad debt charge over the smaller period last year.

The bank declined to state the bad and doubtful debt provisions either for Clydesdale or Northern Bank. It is understood, however, that Northern's bad debt provisions for 1982 amounted to at least £15m.

Forward Trust Group had a good year and was able to improve its level of profit before tax by 20 per cent to £35.5m, assisted by a lower charge for bad debts and a rigorous control of costs.

Mainly in support of the domestic banking operations, Midland Bank Trust Company, Midland Group Insurance Brokers and Midland Bank Industrial Equity Holdings made satisfactory progress with increased contributions to group profit.

The international banking sector, predominantly currency based, contributed 35 per cent of the profit before tax and loan interest, compared with 38 per cent in 1981.

Midland Bank International increased its level of year-end advances in sterling terms by 17 per cent, although this was inflated by the movement in exchange rates. Commission income rose by 13 per cent and costs continued to be tightly controlled.

However, with margins under continuing pressure and a substantial increase in the charge for bad and doubtful debts, there was a fall in the contribution to group profit compared with 1981.

The group profit includes a full year's contribution from Crocker National Corporation—in 1981 only the last quarter was consolidated. Crocker reported a group pre-tax profit of \$22m, an increase of 32 per cent compared with 1981. The position continued to be adversely affected by non-performing loans arising mainly in the real estate sector.

The Midland subsidiary companies operating in Europe had

a very satisfactory year compared with 1981. However, considerable difficulties were experienced within Midland Bank Group International Trade Services, principally as a result of bad debts arising from the worldwide trade recession.

The difficult travel market together with an exceptional bad debt affected the results of the Thomas Cook Group. A small pre-tax loss of £0.4m was incurred, which compared with a profit of £5.8m for 1981.

Samuel Montagu had a good year and substantially expanded its business. At the attributable level group profits emerged at £144.4m, against £123.9m previously, after deducting tax of £51.5m (£59.3m), including exceptional credits of £23.5m (£48m), minorities of £24m (£23.8m), and a special levy on banking deposits, and other extraordinary items of £3.3m (£1.3m).

Related profits came through at £101m, compared with £84.3m. Earnings per share attributable to members rose from 73.5p to 85.5p basic but were reduced to 79.5p fully diluted.

Total group assets grew by 17 per cent in sterling terms, to £68bn, including approximately 10 per cent as a result of exchange rate movements between the year ends.

Throughout the year, the measures taken to control costs began to make a significant impact. Excluding the figures for Crocker, total costs grew by 13 per cent over 1981, with staff costs rising by 11 per cent.

Looking ahead to this year, Midland said yesterday it expected to see its UK bank staff levels decline by 1,000—the result of 3,000 departures from "natural wastage" and the recruitment of 2,000 employees.

Mr John Brooks, deputy group chief executive, said yesterday the bank would "use every endeavour to avoid redundancies."

Midland said its mortgage loan book at year-end totalled £59m, up from £400m at the end of 1981. The bank added that its free capital ratio in 1982 was 3.96 per cent, against 3.5 per cent a year earlier.

See Lex

## Knight Computer

Shareholders of Knight Computer International have approved a name change to J. S. D. Computer Group International. Trading in the current year remains buoyant, both in the UK and overseas.

## N. American surge lifts Cadbury to £90m

IN THE second half of 1982 Cadbury Schweppes has attained profit of £59m, which results in an 11 per cent increase over the year—from £80.6m to £89.7m. Sir Adrian Cadbury, the chairman, describes this as a considerable achievement given the modest level of price increases for the company's products.

For the first time trading profit exceeded £100m, rising 17 per cent to £104.8m, and more than half was earned outside the UK, marking a fundamental change in the nature of the company. In one year the trading profit earned abroad has increased from 44 per cent to 56 per cent, he tells shareholders.

The outstanding feature, he says, was an increase in North American sales and trading profits which, including acquisitions, rose to £305.1m (£183.8m) and £19.6m (£5.7m) respectively. This reflected the company's determination to win a greater share of one of the world's largest markets.

All regions apart from the UK made significant gains. At home there was pressure on margins, prices and the need for promo-

	1982	1981
Trading profit	104.8	89.5
UK	45.7	52.5
Europe	11.8	5.2
America	19.6	8.7
Australia	12.5	11.0
Other overseas	14.8	12.1
Interest receivable	13.4	11.7
Interest payable	34.5	25.2
Amortisation	6.0	4.6
Profit before tax	89.7	80.6
Taxation	34.8	28.8
Minorities	6.0	3.7
Extraordinary charges	3.5	12.5
Attributable	35.3	34.2
Ordinary	0.1	0.1
Retained	17.4	13.7
Sales totalled £1.57bn (£1.27bn) and were split as UK £382.1m (£708.6m), Europe £190m (£118.4m), America £305.1m (£183.8m), Australia £12.5m (£10.2m), other overseas £12.8m (£5.7m).		

\* Mainly covering rationalisation costs incurred in Ireland and now taken in the UK in connection with the confectionery modernisation programme.

The final dividend is 3.5p which lifts the net total from 4.6p to 4.9p per share. Earnings

are shown at 17.96p (17.72p) before tax and at 10.98p (11.32p) after tax.

Sir Adrian says the rights issue of 1981 enabled the company to strengthen its position in priority markets when suitable investment opportunities were identified. Cadbury Schweppes now had a strong North American juice business to complement its established confectionery and soft drinks enterprises.

Setting Rioblanco alongside the Schweppes-owned businesses in France, Germany and Italy, the company was now able to develop its European operation in a co-ordinated way and to reinforce Schweppes position as the leading European supplier of non-cola drinks.

Profits of all the recent acquisitions—Duffy-Mott and Holland House in the U.S., Rioblanco in Spain and the Reckitt and Colman industrial cleaning services—were above expectations.

While the expenditure on acquisitions in 1982 was unusually high, the investment in capital assets was in line with the policy of consistently improv-

ing capacity to compete.

The company's main source of growth must continue to come from making the most of its existing assets. "To that end, we invested £104.6m in modernising our manufacturing and distribution base, a sizeable increase in capital expenditure over 1981."

Looking forward, Sir Adrian comments: "Nineteen eighty-three will be a year in which we build on the changed pattern of our international business. We shall back our brands in the market place and invest in their efficient manufacture to give good value to consumers. I am confident that the company will show continued progress."

At the year end—January 1 1983—group assets employed had increased from £540.1m to £601.5m. Shareholders' funds were £389.6m (£384.2m), loan capital £147m (£113.8m), net current assets £139.9m (£20.3m), including short-term loans receivable £60.3m (£11.7m), cash £22.4m (£25.1m), and short-term borrowings £100.4m (£53.2m). Annual meeting, May 5 at noon.

See Lex

"...a commanding presence in worldwide insurance and reinsurance broking"

Neil Mills, Chairman

Year ended 31 December (unaudited)	1982	1981
Revenue	£217.0m	£168.8m
Profit before tax and extraordinary items	£ 72.9m	£ 56.4m
Earnings for the year	£ 37.7m	£ 30.0m
Earnings per ordinary share	175p	13.4p
Dividends per ordinary share	70p	6.0p



Sedgwick

## John Lewis Partnership plc

department stores and Waitrose supermarkets

Consolidated Results\* for the year ended 29 January 1983

	1982/83 £m	1981/82 £m
Sales	921.8	810.0
Trading Profit	50.0	44.8
Exceptional Items	0.6	2.8
Interest	6.0	6.9
Pension Fund Contribution	5.7	4.9
Taxation	5.1	—
Preference Dividends	0.4	0.4
Surplus available for profit sharing and retentions	33.4	35.4
Partnership Bonus	17.2	15.6
Retentions	16.2	19.8

\*Abridged, estimated and unaudited

Sales increased by 14% to £922 million. Department store sales rose by 13% to £500 million and sales in Waitrose supermarkets by 15% to £412 million.

Trading Profit increased by 12% to a record figure of £50 million. The whole of the increase came in the second half year which benefited from the more buoyant trading conditions since August.

Profit Sharing. All the equity capital of John Lewis Partnership plc is held in trust for the benefit of the workers in the business. The profits remaining after taxation, preference dividends, pensions and allocations to reserves are distributed yearly among the workers as Partnership Bonus in proportion to their pay. This year's rate of distribution will be 16% (1981/82 16%).

For further details please telephone 01-637 3434 ext 6221 or write to Chief Information Officer, 4 Old Cavendish Street, London W1A 1EX.





## UK COMPANY NEWS

## BIDS AND DEALS

## Ward White pays £6.6m for W. &amp; E. Turner chain

BY CHARLES BATCHELOR

Ward White Group, the fast-growing footwear manufacturer and retailers, is to pay £6.6m cash for the 150-strong W. & E. Turner shoe shop chain from J. Hepworth, the mens and womenswear group.

Ward White plans to integrate Turner with the Frisby shoe retailing group acquired recently for £6m, although the name may be retained on some shop fronts.

Turner and Frisby have headquarters buildings within three miles of each other in Leicester, one of which will probably be closed.

Turners has been part of Hepworth's for only three years and made pre-tax profit of about £104,000 on turnover of £20m in the year ended August 31 1982. Hepworth's will still retail

shoes through its menswear and "Next" womenswear shops but Turner was "slightly out of place" in the group, said Mr Jeffrey Rowley, Hepworth's managing director.

It was nevertheless not actively seeking to sell Turner and the first approach came from Ward White, he added.

The latest acquisition will give Ward White a UK retail chain of about 370 outlets with retail sales of about £40m. It has stores in Wales, in the South of England and the Midlands.

Turner and Frisby serve similar markets but Turner's shops have a larger average turnover, said Mr Philip Birch, chairman of Ward White.

Ward White will be acquiring net tangible assets, including

freehold and leasehold properties worth £8.5m. The value of the properties is put at more than £5m.

Ward White will raise the funds from its own resources and existing borrowing facilities. It will pay 20 per cent on completion, planned for March 26, and the rest in stages.

Profitability at Turner was affected by pressures on consumer spending and high unemployment, particularly in the 16-22 age range which was its main market.

This acquisition means that retailing now accounts for nearly 50 per cent of Ward White's turnover. Its shares were unchanged 85p yesterday. Hepworth's shares rose 5p to 141p.

## Barrow Milling stake for Jacob

W. & R. Jacob, the Dublin biscuit maker, is to take a 20 per cent stake in flour miller Barrow Milling by means of a subscription for 1,000 new shares.

Jacob will pay 55p per share thereby injecting £550,000 (£530,000) into Barrow and becoming the largest shareholder. Barrow has been a supplier of flour to Jacob for many years but the decision of Ranks Flour to stop milling flour in Ireland prompted the decision to establish closer links.

Mr Ben Power, Jacob's company secretary, said Jacob and Barrow plan jointly to enter the retail flour market using one of Barrow's brand names "Bolands". The two com-

panies have also signed a long-term agreement whereby Barrow will supply a significant part of Jacob's biscuit flour requirements under contract.

Jacob previously held no shares of Barrow and neither company had any retail flour selling activities.

Mr Gordon Lambert, chairman of Jacob and Mr Leo O'Donnell, managing director, will join the Barrow board.

Jacob has been expanding its biscuit operations geographically in recent years, opening distribution centres in Northern Ireland and in Boston, Lincolnshire.

It has also moved into related food products, dried and canned fruit, dried cereals and instant

coffee, the last under an agreement with Jacobs, the Swiss, business coffee roaster facilities. It

For the 12 months ended December 31 1982 W. & R. Jacob matched its profits of the previous year despite its associates falling £52,000 into the red, compared with a surplus of £181,000 previously.

At the pre-tax level the group made £1.6m on higher turnover of £48.84m, compared with £41.5m in 1981.

Although attributable profits emerged lower at £1.47m (£1.56m) after an increased tax charge the net dividend is being stepped up from 4.5p to 6p per share—earnings per share were down to 22.7p (26.1p).

James Austin Steel Holdings, the Yorkshire-based steel stock-holding group, yesterday rejected the 77p share offer from Trumanns Steel Group as "totally inadequate".

The Austin board said the offer, which values the company at £3.47m, was not welcomed and strongly recommended shareholders to take no action.

The board said it had the support of 47.8 per cent of the shares for its rejection—1.5 per cent from directors' holdings and a further 36.3 per cent from other shareholders.

Trumanns, a privately-owned company based in Manchester, has held a 25.77 per cent stake in Austin since 1978. Austin's shares rose 6p yesterday to 86p.

**SHERATON SECURITIES** English Association Trust on behalf of Sheraton Securities International announces that Mr Nicholas Tucker and Mr C. R. Freeman, directors of SSI, and associates have sold at par a total of 4.75m ordinary shares (12 per cent of ordinary capital) and £520,000 varying rate convertible unsecured loan stock 1990/1995 to Greenwich International, a corporation controlled by Mr Clarke and Trustees for various members of his family, plus an affiliated company, Clarkdale Development Company, whose other major shareholder is Mr Dale Sorensen.

The varying rate unsecured loan stock may be converted into ordinary shares of SSI between October 1, 1983 and October 1, 1985 at the rate of 10 shares of 10p each (fully paid) for every £1 of loan stock.

Assuming full conversion, Mr Tucker and his family would retain 7.42m ordinary shares (18.27 per cent) and Mr Clarke and associates would hold a total of 9.98m ordinary (21.32 per cent).

SSI is a wholly-owned subsidiary in the U.S. It will be the intent for this company to become involved in commercial property development and investment with particular emphasis in Florida and the South.

## Whittington needs £2.57m for expansion in the U.S.

Whittington International Holdings, the investment property group, is to pay \$8.1m (£5.3m) for a 75,000 square foot office building in Parsippany, New Jersey, to be financed by a one-for-one rights issue.

This purchase will take Whittington's gross property assets to £10.26m of which £5.7m will be in the U.S., it said.

A new subsidiary, Whittington America, will pay \$2.9m cash and take on \$5.2m worth of long-term mortgage debt to acquire the building which has been valued by Jones Lang Wootton at \$8.55m. The initial net return is about 10.1 per cent.

The property, built in 1980 and currently fully let, is at a road junction 20 miles west of Manhattan.

Whittington will offer 18m new shares of 5p each at 15p to raise about £2.57m after expenses. The new shares will not rank for the final 0.075p per share dividend over 1982.

**JAMES WILKES** The James Wilkes subsidiary, Wilkes-Multimatic, sold the assets of its servicing business to Midlands Services on February 28, for £138,500. Of this £100,000 has been paid in cash and the balance of £38,500 will be paid on January 31 1984, together with interest thereon. At December 31 1981, the net asset value

of Wilkes-Multimatic was £37,682 and its net loss was £132,659.

**Income statement**

Turnover 3,958.9 3,201.2

Operating income 355.9 388.1

Income from investments 169.1 190.4

Spillage on resale of invs 13.6 16.5

Interest paid 548.8 596.0

Expn and development 129.3 81.1

Investment write offs 25.9 17.2

Income before tax 378.6 476.1

Tax 47.1 67.4

Outside funds prof divs 331.5 408.7

Attributable 267.4 319.8

## James Austin rejects offer from Trumanns

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Trumanns, a privately-owned company based in Manchester, has held a 25.77 per cent stake in Austin since 1978. Austin's shares rose 6p yesterday to 86p.

**LMS OIL BUY** London Merchant Securities has paid \$5m for a 60 per cent working interest in the 3,000 acre Navarro Crossing field in Houston, Texas. This is the first time that LMS has bought an interest in an oil and gas producing field. There are 12 generating wells on the field generating a monthly cash flow in excess of \$60,000. LMS has plans for development.

It also announced that Drexel Oil company, the group's 67 per cent owned U.S. subsidiary, has made a discovery on the Wright Ranch in La Salle County,

## Recovery sought on the road to Hong Kong

Ray Maughan looks at how the City backed BSR

BSR was originally planning a rights issue a year ago. The cash call was designed to raise something in the region of £24m but it may say something about the style and fortunes of the record changer, kitchenware and electronics group at that point that, first, the brokers employed to advise the group knew nothing of the management's fund raising proposals and, second, the group's merchant bank advised that it could not be done.

The group has now found its £22m in a mixture of rights issue proceeds, a new subscription money and rescheduled loans but six months ago the chances of survival were beginning to narrow severely.

It may have been symptomatic of the group's reporting structure at that point that Mr Frank Brown, the recently recruited finance director could not discuss exactly when the next board meeting was set to take place.

His concern as to the group's cash position, trading outlook and the dislocation of management communication was relayed to Mr Brian Christopher and swiftly thereafter to Hong Kong.

Mr Christopher is now group chief executive but last autumn he was merely a director, disassociated from the centre of power, albeit with a substantial

financial commitment to the company.

Since, as BSR's advisors now recount, the group had held barely one board meeting in the nine months prior to September and because the new finance director was beginning to forecast a severe cash flow deficit, the course open to Mr Christopher and his long-time Hong Kong associate, Mr Niel Stewart, now deputy chairman, was quite clear.

They asked Mr Bill Wylie, their co-founder in BSR's dominant Astec electronics business in the Far East, to join them.

Big institutional advisors such as Finance For Industry had looked BSR over in September but, on the advice of Morgan Grenfell, the group's merchant banker, they backed off.

By the middle of October last year, a bloodless boardroom revolution had taken place. Mr Wylie was prepared to join his old Astec colleagues and, for the first time, BSR's chairman over the previous 14 years, in the middle of that month.

Suddenly, the difficult became possible. FFI, at the behest of Morgan Grenfell, looked over the project again. A balance sheet which had sprouted gross debt over 200 per cent of share-

holders' funds could be re-structured. FFI sent out its industrial advisors to BSR's Far Eastern operations, to the Capetronics centre in Chicago and Taiwan and, not least to the West Midlands record changer production facilities.

The picture FFI's scouts presented cannot have been very enticing. Capetronics was grappling with excess stocks of audio cassettes. Worse, record changer production was bleeding badly. An untold product was caught between two vicious prongs of declining demand worldwide and cheaper overseas competition. It lost over £15m before interest and tax in 1982 after losing £4.1m in the first half. As one fund manager said, remarking on the rights issue on Wednesday, "the downside is that BSR still makes record changers".

But there was a way ahead. Smith Keen Cutler, one of the group's brokers, presented ad hoc proposals for a flotation of the Astec business and to eliminate a substantial part of overall debt with the resulting proceeds.

That course was never adopted but during their endless transatlantic journeys visiting BSR's production and marketing centres, Mr Wylie, Mr Christopher and Mr Stewart formulated a plan which the banks and

major shareholders have now adopted.

That plan was accepted at the end of November by such a key fund as FFI, the corporate finance vehicle owned by the British merchant banks, for two reasons. In the first instance, the fund is now looking keenly at recovery situations—and BSR certainly fell into that category. FFI has already joined forces with Morgan Grenfell to re-structure the ailing electric motor group, Newman Industries, and expects to announce similar ventures in the near future.

Principally, though, the fund is backing Mr Wylie. Acknowledging his record with China Engineering and later with Hutchinson Whomps, in the Far East, FFI recognises that Mr Wylie has been on this treadmill before.

FFI also knows that BSR is working round a profitable core. Astec is said to be the largest manufacturer of power switching devices for the computer industry in the world and supplies many of the leading mainframe producers. Competition is growing and prices will obviously come under pressure but the City has now taken the view that Astec has the technology and the production know-how to under cut the competition.

The result of these efforts, which came to fruition on Wednesday, is a comfortable balance sheet and a forecast of a swift return to profitability, if not dividends, this year.

The group and its bankers are sticking uniformly by a pre-tax prospect of £12m for 1983-84, although other brokers close to the company say that the outlook may reach about £14.5m, below the benefits of the rights issue proceeds which could be worth a further £2.5m in a full year.

The group acknowledges that in the UK at least, it has a strategy which has to be proved. Output of the "Monarch" record changers is said to have remained flat, Mr Wylie of the Model "T" Ford, Hong Kong, he told aides, has a zero production failure rate.

The success of UK production now rests on three platforms: the ability to improve quality, to develop its market for linear tracking devices (the successor of record changers) and the development of Astec's production for the UK market. Europe, and the UK in particular, are seen as fertile ground for computer sales growth and a robotic production line for power switching devices is planned for BSR's Stourbridge plant.

But, for the moment, BSR's best hopes rest with a product and a management team based far away in one of Britain's oldest colonies.

## MINING NEWS

## Gencor holds payout and hopes for a better year

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Afrikaner-controlled General Mining Union Corporation (Gencor), the Republic's second largest mining and industrial finance house after Anglo American Corporation, reports 1982 earnings of R267.4m (£116.3m) or 338 cents per share, compared with R219.8m in 1981.

Income statement

Turnover 3,958.9 3,201.2

Operating income 355.9 388.1

Income from investments 169.1 190.4

Spillage on resale of invs 13.6 16.5

Interest paid 548.8 596.0

Expn and development 129.3 81.1

Investment write offs 25.9 17.2

Income before tax 378.6 476.1

Tax 47.1 67.4

Outside funds prof divs 331.5 408.7

Attributable 267.4 319.8

A final dividend of 120 cents is declared which maintains the dividend yield at a 1.9 times covered 175 cents. Gencor says that long-term policy aims at

maintaining a dividend cover of 2 to 2.5 times. In the absence of unforeseen circumstances the year's earnings "will possibly be improved upon in the current year".

After a 12 per cent fall in first-half earnings following the strong performance in 1981, Gencor has seen a pick-up in the second half of 1982. Overall, however, there has been a decline in line with reduced dividend income from the dividends on gold, uranium and platinum investments.

In the past year interest payments have expanded to R128.2m from R81.1m, reflecting loans taken out by the industrial subsidiaries for financing plant extensions.

The surplus on realisation of investments has fallen and, at the same time, there has been a sizeable increase in the

amount written off investments and assets. Even so, the asset value per share has increased from R4.024 (£1.74) in 1981 to end-1982 from 3.138 cents a year earlier. The shares were 116p in London yesterday.

During the past year South African industrial investments contributed 35.4 per cent of income followed by gold and uranium (25.6 per cent), financial (14.3 per cent), coal 9.4 per cent, platinum (7.5 per cent) and minerals (4.5 per cent).

The outlook for the current year is for a further increase in gold and, maybe, uranium revenue together with a possible improvement in the industrial and finance side. Much, however, depends on the course of the world economy in general and that of South Africa, in particular, the last depending to a large extent on the maintenance of firm gold prices.

**Falconbridge to reopen copper mine**

CANADA'S Corporation Falconbridge Copper plans to reopen the Lake Duffault copper-zinc-gold-silver mine at Noranda in north-western Quebec early next month, according to Dr Come Carboneau, the company's president.

The mine has been closed since June last year, when copper prices reached what Dr Carboneau described as "an historic low," reports John Saganich in Toronto.

Dr Carboneau explained that the reopening came in anticipation of a medium-term improvement in copper prices and a stabilisation in labour costs.

Falconbridge Copper's other operating division, the copper-gold property at Opemiska in the Chibougamau district of north-western Quebec, has remained in production throughout the recession.

The company stressed that these estimates assume continuity between widely-spaced intersections of the orebody. In all drilling continues in an attempt to establish the size of the deposit.

suits indicates a deposit of perhaps 3m tonnes, grading an average of 13.3 per cent zinc and 1 per cent copper.

It may be possible to mine the deposit selectively, taking about 1.5m tonnes with average grades of 23 per cent zinc and 1 per cent copper.

The company stressed that these estimates assume continuity between widely-spaced intersections of the orebody. In all drilling continues in an attempt to establish the size of the deposit.

## Amgold profits still trailing bullion prices

THE Anglo American Corporation's major South African gold share investment company, Anglo American Gold Investment (Amgold), has seen a pick-up in earnings for the second half of the financial year to February 23, but they have failed to make up all the ground lost in the first half.

Net profits for the year came out at R198.6m (£119.5m), equal to 881 cents per share, compared with R246.3m in the previous 12 months. The final dividend is held at the previous year's rate but, following the reduced interim, the total amounts to 860 cents against 1,000 cents last time.

Investment income ... 198,747 246,332

Interest ... 10,700 8,550

Rest of income ... 1,051

Making ... 209,498 259,332

Admin ... 2,286 2,188

Interest paid ... 213 256

Prospecting costs ... 4,762 4,637

Profit before tax ... 202,296 256,799

Tax ... 3,770 2,236

Profit after tax ... 198,526 254,563

Profit divs ... 172 1,088

Attributable ... 198,354 253,475

Inevitably, Amgold's fortunes follow the course of the gold price which fell in the first half of the year and recovered in the second. There is, of course, a time lag between the impact of gold price trends on mine earnings and the subsequent payment of their dividends.

Consequently, Amgold's second half does not fully reflect the recovery in bullion prices seen during the period. There should thus be a further increase in this

holding company's revenue in the first half of the current financial year.

The recovery in the gold share market is reflected in Amgold's net assets which at February 23 equaled 13.79 cents (£54.11) per share. The latter were 77p yesterday and a restoration, at least, of the 1981-82 dividend rate of 1,000 cents is on the cards.

**Harmony raises final payment**

SOUTH AFRICA'S Harmony Gold Mining, the Orange Free State producer in the Rand Mines group, announces an increased final dividend of 150 cents (£1.60).

This compares with last year's final dividend of 140 cents (£1.40) and makes a total for the year of 235 cents against 210 cents for the previous year.

**Arthur Guinness**

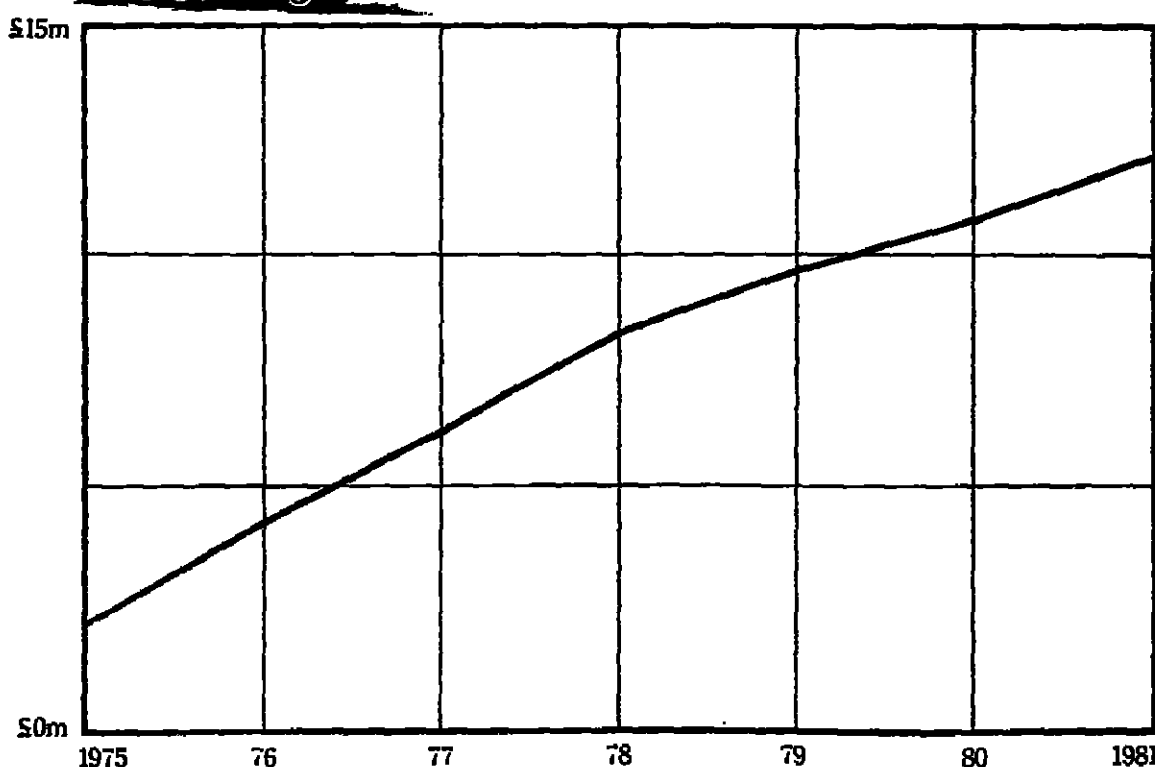
A modest advance in trading profit is expected in the first half year at Arthur Guinness and Sons, The Earl of Iveagh, chairman, told members at the annual meeting. He said the advance would continue the process of recovery.

Conditions in the company's major brewing markets remained very difficult, he said, and the effect of the recession on disposable incomes would affect consumption.

In 1982 there wasn't much sign of 'the recovery'—and every indication that recession was still depressing companies all over Britain.

Yet, at J. Bibby & Sons we again demonstrated that we don't have to wait for economic recovery to produce record profits. By selected activities in a wide range of agricultural and industrial interests, we have shown that we can produce highly successful results in even the most difficult of trading environments.

The recession didn't stop our profits increasing for the seventh year in succession to reach a record £15.1m, an increase of 24%.



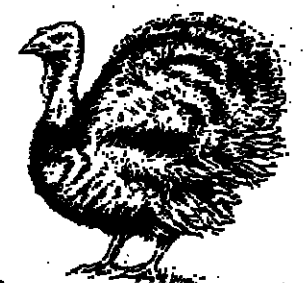
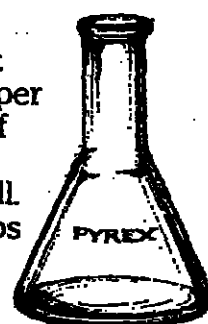
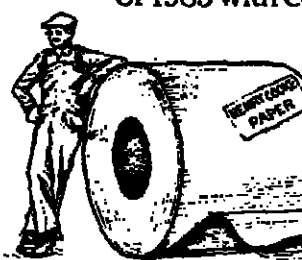
Sales rose to a new high level of £245.6 million, 20% more than last year. It is proposed that our shareholders receive a higher final dividend of 5.15p per Ordinary share—taking the total for the year to 7p—and a free bonus issue of one new Ordinary share for every two Ordinary shares currently held.

We continued to expand in 1982—expenditure being some £20.9m in all. With a further step in our planned acquisition programme, we made perhaps our most significant purchase so far—the European laboratory glassware business of Corning, which is already contributing to future profit growth.

# We decided not to wait for the recovery

In 1983 the areas in which we trade seem likely to continue to be extremely competitive with growth in most of the developed world remaining at a low level. Nevertheless, with our broad spread of activities, we at Bibby see no reason why our progress for the future should not continue. We meet the uncertainties of 1983 with confidence.

For your copy of the 1982 Report and Accounts, write to The Secretary, J. Bibby & Sons PLC, Richmond House, 1 Rumford Place, Liverpool L3 9QQ.



**BIBBY**

INDUSTRY MEETS AGRICULTURE. SUCCESSFULLY.









[illegible]



## FT COMMERCIAL LAW REPORTS

## Right to sue on arbitration award

SAINT ANNA  
Queen's Bench Division  
(Admiralty Court): Mr Justice  
Sheen; March 1 1983

AN ACTION on an award made under an arbitration clause in a charterparty is a claim arising out of an agreement relating to the carriage of goods in a ship or to the use or hire of a ship, and can accordingly be brought as an Admiralty action in rem.

Mr Justice Sheen so held when giving judgment for Upechemical Anstalt of Vaduz, plaintiffs in an action against the owners of the vessel Saint Anna, for enforcement of an arbitrator's award arising out of a charterparty dispute.

Section 20 of the Supreme Court Act 1981 provides: (1) The Admiralty jurisdiction of the High Court shall be... (a) jurisdiction to hear and determine... (2) ... (h) any claim arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship.

HIS LORDSHIP said that by a tanker voyage charterparty Upechemical hired the Saint Anna from her owners for the carriage of oil from Northern Europe to Italy. The charterparty provided that any disputes arising from the contract should be submitted to arbitration.

A dispute arose between the parties in respect of alleged short-delivery of the oil. They each appointed an arbitrator. The arbitrators published an award on August 16 1979, adjudging that the owners of Saint Anna should pay \$105,923 to Upechemical. The owners did not pay the sum due under that award.

In recent years many actions in rem had been brought against the Saint Anna. In 1979 her mortgagees issued a writ in rem claiming arrears of principal and interest due under the mortgage. Saint Anna was arrested in Emsworth Port. Mr Justice Neill ordered that she be sold by the Admiralty Marshal, and pursuant to that order she

was sold on December 16 1979. The proceeds of sale were brought into court. There was sufficient money to satisfy all the claims of which the court had knowledge.

On February 24 1982 Upechemical issued a writ in rem out of the Admiralty Registry against the proceeds of sale of the Saint Anna. The statement of claim endorsed on the writ recited the relevant terms of the charterparty. It alleged, correctly, that it was an implied term of the arbitration agreement contained in the charterparty that each party would pay to the other any sum found due by the arbitrators.

It was further alleged that arbitrators had found that certain sums were due from the owners of Saint Anna to Upechemical. All the relevant facts were proved. There was no defence to the claim.

The question in the present motion for judgment in default of defence was whether the court had jurisdiction to give judgment for Upechemical, so that they could be paid out of the proceeds of sale of Saint Anna.

Russell on Arbitration (20th edn) stated, at page 350, that "an action to enforce an award cannot be brought as an action in rem, even where the dispute giving rise to the award is such that if it had not been submitted to arbitration the claimant could have proceeded in rem." The authority for that proposition was the *Beldis* [1936] P 51.

Mustill and Boyd on Commercial Arbitration (1982 ed) expressed the same view at page 368.

In both books it was said that it might be possible to proceed on the original cause of action in rem and to ignore the award. But that remedy was lost with the expiration of the time limit within which a claim must be brought.

Mr Charitou contended that the action was a claim arising out of an agreement relating to the carriage of goods in a ship within the meaning of section 20 (2) (h) of the Supreme Court Act 1981. He drew the court's

attention to dicta in the *Echersheim* [1975] 1 WLR 83 in which judges expressed their views on the construction of section 1 of the Administration of Justice Act 1956, which then prescribed the Admiralty jurisdiction of the High Court.

Mr Justice Brandon said at page 94 that the words of that section should be given their ordinary and natural meaning in the context in which they appeared.

If, in respect of the present claim, one asked "did that claim arise out of the agreement relating to carriage of oil in Saint Anna?", the answer must be "yes."

The question was whether the fact that the action was based on an arbitrator's award had the effect that the claim could no longer be said to arise out of an agreement for the carriage of oil in Saint Anna.

It was necessary to examine the nature of an action based on an arbitrator's award. In *Bremer Oeltransport v Drewry* [1933] 1 KB 783 Lord Justice Slesso said at page 794 that "the greater weight of authority is in favour of the view that in an action on the award the action is really founded on the agreement to submit the difference of which the award is the result."

That decision was clear authority for the proposition that an action based on an award was an action for the enforcement of the contract which contained the submission to arbitration.

In the present case that was the charterparty. There could be no doubt that an action for the enforcement of a voyage charter was a claim within the Admiralty jurisdiction of the court.

If *Bremer Oeltransport* were the only authority there would be no doubt that the action was within the Admiralty jurisdiction and had been properly brought against the proceeds of sale of Saint Anna. But the later decision of the Court of Appeal in the *Beldis* seemed inconsistent with that decision. Attention was drawn to the inconsistency in the *Echersheim* at page 94.

In the *Beldis*, Sir Boyd Merriam said at page 62: "the cause

of action is founded, in the summons in this case, upon the award itself, and has no relation to the original dispute which gave rise to the arbitration. That being so, I should not be prepared to hold... that a claim on an award held under the arbitration clause in a charterparty is a claim arising out of any agreement made in relation to the use or hire of a ship. I think that it is a common law claim upon an award and nothing else."

Lord Justice Scott in the same case acknowledged that the action on the award arose directly out of the charterparty.

In a discussion about the essential elements of an action of an award Mustill and Boyd said at page 368 that the better view was that a plaintiff must "plead and prove both the arbitration agreement and the award; both are essential elements in his cause of action."

If that statement were accurate, as his Lordship thought it was, then it seemed that the present action arose out of the charterparty.

One ground of the decision of the Court of Appeal in the *Beldis* was inconsistent with the decision of the Court of Appeal in *Bremer Oeltransport*. That left the court free to decide which authority it should follow.

As *Bremer Oeltransport* was not brought to the attention of the Court of Appeal during argument in the *Beldis*, and his Lordship was convinced by the reasoning of *Bremer Oeltransport*, he had no hesitation in following that decision.

The claim, therefore, was held to be within the Admiralty jurisdiction of the court.

Such a result enabled the court to do justice in a way which would be denied to it if creditors could not bring proceedings in rem merely because they faithfully honoured their agreement to submit to arbitration a dispute which was clearly within the Admiralty jurisdiction.

Judgment for Upechemical. For Upechemical: Timothy Charlton (Clyde and Company, Guildford).

By Rachel Davies  
Barister

## Ireland returns to Samurai market

By Mary Ann Sieghart

THE Republic of Ireland has come back to the Samurai market after postponing an issue in January because of poor market conditions. It is raising Y15bn through a 10-year, 8½ per cent bond, priced at 99½.

Daiwa Securities is the lead manager. The issuing system for Samurai bonds is strictly regulated, and borrowers who cancel their issues normally have to go to the back of the queue. In Ireland's case, this would have meant waiting several months.

But the Japanese Ministry of Finance appreciated the difficulty of the market in January and allowed Ireland to take the March slot thought to have been vacated by Australia.

The dollar market was subdued yesterday, with no new issues and little buying activity. Prices were marked up by about 1½ points in the morning, but the afternoon was flat. Dealers suggested that uncertainty over the results of the Opec ministers' meeting and over U.S. Treasury funding requirements meant that many investors were staying out of the market.

In West Germany, a new issue came from Michelin Finance, led by Bayerische Vereinsbank and Deutsche Bank. The DM200m bond carries a coupon of 7½ per cent for seven years and is priced at 99½. Today, Westdeutsche Landesbank will be arranging a DM100m private placement for the Kingdom of Belgium.

The D-Mark secondary market was quite active yesterday on expectations of domestic interest rate cuts. Prices rose by about 1½ points.

In Switzerland, there were two private placements: Swif for Stanley Electric and the Japanese headlight manufacturer, led by UBS, at an indicated coupon of 3½ per cent, with a life of five years; and a five-year, 6 per cent, Swf 20m bond from Sumitomo Precision, led by SBC.

The Asian Development Bank is coming to the Austrian domestic market with a Sch 500m, 8½ per cent, 10-year bond, priced at 99½. The lead manager is Creditanstalt-Bankverein.

## Unilever plans \$300m issue

UNILEVER, the Anglo-Dutch food and household goods group, yesterday announced plans to tap the U.S. credit markets using rule 415, the "shelf registration" procedure, reports Paul Taylor in New York.

Unilever Capital Corp, a wholly-owned subsidiary of Unilever U.S. Inc., the holding company for the group's U.S. operations, filed a registration with the Securities and Exchange Commission covering the proposed issue of \$300m in principal amount of guaranteed debt securities. Rule 415 allows a company to sketch out financing plans, and then issue debt at a moment's notice when market conditions are most favourable.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 10.

U.S. DOLLAR	Issued	Yld	Change on day week	Yld	Japan Yen	Issued	Yld	Change on day week	Yld
Amer. D/F 14 1/4 89	200	11 1/2%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 15 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 16 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 17 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 18 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 19 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 20 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 21 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 22 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 23 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 24 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 25 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 26 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 27 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 28 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 29 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 30 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 31 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 32 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 33 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 34 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 35 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 36 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 37 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 38 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 39 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 40 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 41 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 42 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 43 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 44 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 45 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 46 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 47 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 48 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 49 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 50 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25

U.S. DOLLAR	Issued	Yld	Change on day week	Yld	Japan Yen	Issued	Yld	Change on day week	Yld
Amer. D/F 51 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 52 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 53 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 54 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 55 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 56 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 57 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 58 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 59 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 60 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 61 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 62 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 63 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 64 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 65 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 66 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 67 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 68 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 69 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 70 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 71 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 72 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 73 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 74 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 75 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 76 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 77 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 78 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 79 1/4 89	200	11 3/4%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25
Amer. D/F 80 1/4 89	200	11 5/8%	+0.1%	11.26	Japan 1000 Y 87	100	10 1/2%	+0.1%	10.25

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday March 11 1983

WALL STREET

Rally runs quickly out of steam

THE RALLY on Wall Street's financial markets ran out of steam yesterday and both share and bond sectors turned lower. By the close of the session, the sell off in bonds seemed to have run its course, and prices were steadying, writes Terry Byland in New York.

But equity stocks, beleaguered for much of the day while hoping for news from the Opec meeting in London, saw increased selling towards the close. Much of yesterday's reaction in share prices was due to a lack of further buying support to maintain the gains of the previous day.

However, market confidence in the upturn in the U.S. economy was slightly clouded by the Commerce Department's disclosure that retail sales fell last month and that industrial production is likely to show a similar trend.

In the equity market, shares opened higher but once the overnight buying orders had been completed, the momentum died away. In the late afternoon, there was some selling of leading stocks, and the Dow Jones Industrial average closed 11.70 down at 1120.84. Shares

traded totalled 96.1m with gains numbering 727, and falls 848.

Prices started the day lower in the bond and note markets, which were disappointed that the Federal Funds rate had opened sharply higher than on the previous evening when final quotations of 7.75 per cent were strongly influenced by technical factors.

By mid-session, yesterday, the Federal Funds rate stood at 8.5 per cent. This was still a shade higher than Wednesday's average and Treasury Bills were showing small falls. Dealers commented that turnover was very thin. The two-year Treasury notes announced late on Wednesday returned a yield of 9.7 per cent in preliminary trading.

The three-month Treasury bill was yielding 8.26 per cent, a touch higher than overnight, while the six month note yield rose to 8.30 per cent.

At the longer end of the Treasury bond market prices gave ground on a general lack of investment demand. The Treasury long bond, the 10% per cent 2012 opened at 97%, later slipping to 97%.

The Corporate bond sector was featured by falls of up to two points in the 13 quoted debt issues of AT&T, whose \$44bn of funded debt is a major factor in the sector.

The market leaders, however, were often unable to hold their best levels. IBM, the favourite stock of the institutions, touched \$102% before reacting to \$101%, a net fall of 1% on the day.

Among issues influenced by company statements K Mart, the discount store group, edged forward by \$1 to \$29% on the year's profits news.

In Toronto, stocks were also higher with resources issues setting the pace. Golds, papers, consumer products and financials showed strongly but transportation was the only major grouping to fall back. Stocks in Montreal followed the stronger trend.

LONDON

Equities climb to record high

LONDON equities surged to all-time records on reports that Opec had reached agreement on a \$5 reduction to \$29 per barrel in the benchmark price for Saudi crude oil. Wall Street's overnight rally, as dealer money fears there subsided, also gave a boost to London financial markets yesterday.

Stock market trading was relatively quiet but, once again, fresh investment funds were committed to selected areas of equity markets. Many leading industrial were overlooked, but still edged higher as recent hesitancy gave way to a mood of optimism. Government stocks meanwhile staged a strong revival to the accompaniment of domestic and overseas support.

Reports that progress was being made at the Opec talks ensured maintenance of the firm equity market tone. After minor inter-day fluctuations, the FT Industrial Ordinary index closed 5.3 higher on the day at a best-ever 670.2. Broader-based measurements of the trend also went to peak levels, including the FT-Admiral All-Share index, up 1.5 per cent at 419.75.

Apart from the prospect of an Opec agreement, oil shares attracted considerable attention following Lamsco's early announcement of a rights issue and, later in the day, the preliminary results from Shell. These proved to be above market expectations and Shell rose 18p to 448p. Lamsco advanced 17p to 245p, the fund-raising proposals having been well discounted.

Among the financial sectors banks were given another strong boost, this time by better-than-expected preliminary figures from Midland, which jumped 50p to 420p.

The more stable trend in sterling and easier UK money market rates gave encouragement to the gilt-edged market. Trade was not particularly active, but quotations readily responded to demand, some on overseas account. In the prevailing thin conditions long-dated stocks rose 1% points before later easing. After lagging recently the shorts participated in the advance and registered gains extending to 1%.

Among London financials Gold Fields was persistently bought, despite the poor interim figures and generally unfavourable press comment, and closed 9p higher at 497p.

South African Golds made rapid progress, boosted by the strong performance of the bullion price which registered a \$10 improvement to \$435 an ounce.

The share market got off to a firm start following good demand in overnight U.S. markets. Thereafter, the gradual rise in bullion saw prices progressively marked up before a modest downturn in after-hours trading.

Share information service, Pages 36-37.

AUSTRALIA

Deficit worries

SHARE prices eased in hectic trading in Sydney, with the rally earlier this week giving way to concern over steadily eroding company profits and a poor economic outlook for Australia throughout the year.

The market is also nervous over what measures the incoming Government will take to deal with the projected A\$9.6bn budget deficit for the 1983-84 fiscal year. The All Ordinaries index closed down 5.3 at 511.4, due mainly to a fall in the All Resources index.

There was particularly heavy trading in MIM and about 2.57m shares, valued at A\$10.47m, were reported to have changed hands, the bulk in one parcel of 1.88m shares at A\$4.05 each, outside the market. MIM closed 15 cents lower at A\$4.12.

In Melbourne, increased selling of blue chip stocks was noted in the last two days.

SOUTH AFRICA

Gold very firm

BULLION's further advance helped gold shares to close very firm in Johannesburg, in modest trading. Randfontein rose R7.50 to R145 while Ergo added 85 cents to R9.10.

The upward trend was also reflected in mining financials, diamonds and platinum, with Gencor up 50 cents at R28 ahead of annual results, De Beers 30 cents firmer at R8.25 and Rustenburg 45 higher at R7.55. Industrials were mixed where changed.

FAR EAST

Blue chip purchases spur rally

SPURRED on by the overnight Wall Street rally and by foreign buying of Japanese blue chip stocks, Tokyo share prices rose in heavier trading than in recent days. The Nikkei Dow Jones market average added 19.39 to close at 8,027.64, on volume of 300m shares, while the Tokyo SE index was up 1.69 to 581.23.

Steels gained ground, following revived foreign purchases, with Nippon Steel climbing Y2 to Y180 and Kawasaki Steel Y5 higher at Y148. Light electricals, oils and chemicals were also higher but shipbuilders lost ground.

Drugs and biotechnology issues were mixed but Meiji Seika ended its recent decline adding Y1 to Y31. Other stocks to close higher were Toyota Motor, up Y11 at Y996 and Fuji Film, Y20 firmer at Y1,680. Sony advanced Y40 to Y3,350 while Victor Japan was Y90 ahead at Y2,290.

Prices also moved higher in brisk trading in Hong Kong, with the Hang Seng index up 20.31 on the day at 1,023.81. Prices opened steady and peaked at the morning close on institutional support. But there was some selling by small investors during the afternoon.

Market leaders were generally higher with Hongkong Bank rising 30 cents to HK\$9.20, Jardine Matheson 30 cents to HK\$14.90 and Hong Kong Land 12 cents to HK\$4.42. Brokers also noted some speculative buying of the Sun Hung Kai group, ahead of its annual results, due this weekend. Sun Hung Kai Bank rose 5 cents to HK\$2.525 and Sun Hung Kai Bank added 20 cents to HK\$3.

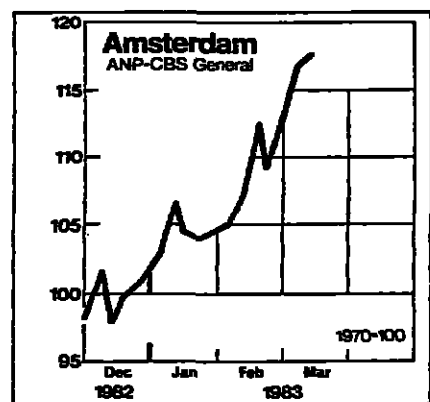
Against this firmer Far Eastern trend, Singapore managed only a mixed performance for the session. Most stocks changed little from overnight levels in a market where no clear trend emerged.

The Straits Times industrial index eased 0.21 to 841.17. Advances only just

outpaced declines, 30 to 25, while 129 stocks were unchanged.

Among advances, Malayan Cement rose 10 cents to S\$8, Taiping Textiles 12 cents to S\$1.53, Malayan Banking 25 cents to S\$7.65 and Overseas Chinese Bank 20 cents to S\$10.40.

On the decline, Fraser and Neave fell 5 cents to S\$7.80, Hong Leong Finance 13 cents to S\$4.92, Public Bank 5 cents to S\$6.20 and United Overseas Bank 6 cents to S\$4.38.



EUROPE

Upward trend takes hold again

WEST GERMAN stocks surged again in Frankfurt after Wednesday's profit-taking, to extend the week's powerful post-election rally. Trading was described as hectic and the Commerzbank index, at 847.2 - from Wednesday's 833.5 - reached its highest level since October, 1978.

Stocks were again led up by blue chip issues, together with better than expected results and dividend from Hoechst. The large-scale buyers were big institutions.

Hoechst, which surprised some dealers by cutting its dividend by only DM 1.50, to DM 5.50, advanced DM 3.70 to close at DM 134.50. Its rivals also benefited: BASF rose DM 1 to DM 128.90 and

Bayer was DM 1.70 ahead at DM 128.70. Siemens, which at one stage touched DM 300, settled back to close at DM 299.80 for a net gain on the day of DM 9.80. Daimler, whose stocks have been in demand, rose to DM 450.50, from DM 437.50, while BMW added DM 4 to DM 290.

Bond prices were generally higher in moderate trading, encouraged by growing hopes of further official interest rate cuts. The market was also aided by the renewed decline of the dollar which attracted foreign investors in the wake of the decline in U.S. interest rates.

Encouraged by Wall Street's higher trend, share prices were firm in active trading in Paris. Prices were also helped by operators diverting funds to the bourse from the foreign exchanges, where wide fluctuations of the franc this week have deterred speculators and reduced the volume of trading.

In Amsterdam, too, most stocks resumed the recent upward trend - interrupted by Wednesday's losses - in a very busy session. In internationals, Philips set a 1983 high, gaining 70 cents to Fl 38.30 after Wednesday's announcement of a 21 per cent rise in 1982 net profit. Banks led the advances among local shares, with AB, firming Fl 7 to Fl 361.50 while NMB gained Fl 3 to Fl 136 and Amro added Fl 1.50 to Fl 53.30.

Most domestic guildler bonds were unchanged in quiet trading: the yield for recent state paper is just under 7.5 per cent.

Belgian and foreign share prices were very firm in lively trading in Brussels. The Belgium SE index climbed to 109.34 from 108.74 and the all-shares index rose to 276.90 from 270.30.

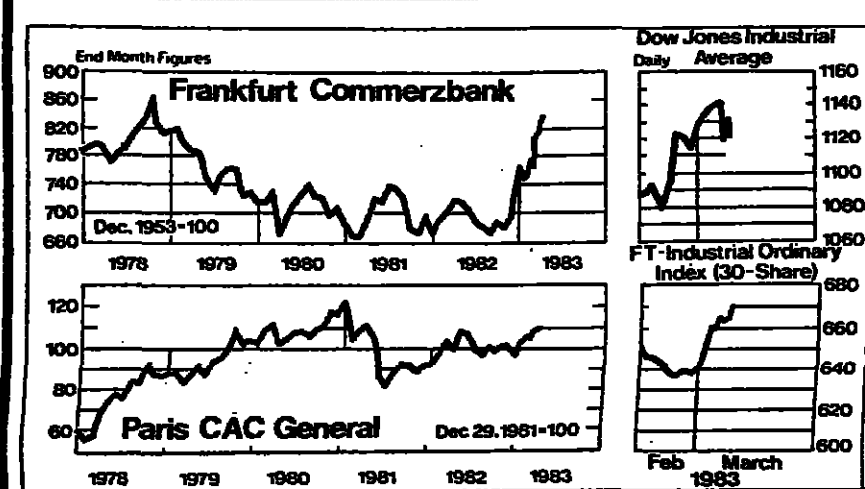
In Zurich, a rally occurred late in the day, after prices had opened barely steady. Turnover in the domestic sector declined further with relatively small price changes.

Late sales in Milan reduced the benefit of early gains. Trading was active throughout the session, but became nervous late in the session when sales had a particular effect on the insurance sector and took some issues below Wednesday's levels.

Madrid had a quiet session. Prices firmed slightly on institutional buying and the Madrid SE index ended 0.41 higher at 108.45.

However, a large turnover was seen in Stockholm and prices closed mixed.

KEY MARKET MONITORS



STOCK MARKET INDICES			
	March 10	Previous	Year ago
DJ Industrials	1120.84	1132.64	804.89
DJ Transport	503.10	507.78	319.87
DJ Utilities	127.48	128.00	107.56
S&P Composite	151.80	152.87	109.41

LONDON			
	March 10	Prev	Year ago
FT Ind Ord	670.2	664.9	557.9
FT-A All-share	419.75	413.62	324.10
FT-A 500	454.36	447.48	344.97
FT-A Ind	427.55	422.54	318.44
FT Gold mines	607.8	584.6	228.0
FT Govt secs	81.32	80.35	68.71

TOKYO			
	March 10	Previous	Year ago
Nikkei-Dow	8027.64	8008.25	7292.91
Tokyo SE	581.23	589.54	545.18

AUSTRALIA			
	March 10	Prev	Year ago
All Ord.	511.4	516.7	455.6
Metals & Mins.	467.4	478.4	322.4

AUSTRIA			
	March 10	Prev	Year ago
Credit Actien	51.50	51.30	54.08

BELGIUM			
	March 10	Prev	Year ago
Belgen SE	109.34	108.74	93.58

CANADA			
	March 10	Prev	Year ago
Toronto Composite	2189.9	2159.0	1574.8

MONTREAL			
	March 10	Prev	Year ago
Industrials	369.26	367.4	280.57
Combined	360.83	358.58	287.04

DENMARK			
	March 10	Prev	Year ago
Copenhagen SE	120.19	120.19	95.88

FRANCE			
	March 10	Prev	Year ago
CAC Gen	110.3	108.8	109.0
Ind. Tendance	115.5	113.6	114.3

WEST GERMANY			
	March 10	Prev	Year ago
FAZ-Aktien	282.16	277.47	233.98
Commerzbank	847.2	833.5	712.0

HONG KONG			
	March 10	Prev	Year ago
Hang Seng	1023.81	1003.5	1152.69

ITALY			
	March 10	Prev	Year ago
Banca Com.	203.57	202.8	202.5

NETHERLANDS			
	March 10	Prev	Year ago
ANP-CBS Gen	117.8	115.2	85.5
ANP-CBS Ind	102.5	110.7	69.0

NORWAY			
	March 10	Prev	Year ago
Oslø SE	148.86	144.09	104.52

SINGAPORE			
	March 10	Prev	Year ago
Straits Times	841.17	841.38	697.98

SOUTH AFRICA			
	March 10	Prev	Year ago
Gold	817.3	786.3	432.5
Industrial	833.0	829.8	586.5

SPAIN			
	March 10	Prev	Year ago
Madrid SE	108.45	108.04	124.78

SWEDEN			
	March 10	Prev	Year ago
J & P	1288.64	1302.06	609.58

SWITZERLAND			
	March 10	Prev	Year ago
Swiss Bank Ind	309.8	306.2	244.9

GOLD (per ounce)			
	March 10	Prev	Year ago
London	\$435.00	\$425.00	\$425.00
Frankfurt	\$435.00	\$425.00	\$425.00
Zurich	\$435.50	\$426.50	\$426.50
Paris	\$438.51	\$430.90	\$430.90
New York futures (March)	\$431.00	\$424.20	\$424.20

\* Indicates latest pre-close figure

FT

FINANCIAL TIMES CONFERENCES

The Outlook for World Grains

LONDON: 22 & 23 March, 1983

Changes in the Grain Industry worldwide and the emergence of new trading patterns will be issues highlighted at this international conference to be arranged by the Financial Times and the International Wheat Council. The distinguished panel of speakers will include:

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US Department of Agriculture

Mr Poul Dalsager  
Member of the Commission Responsible for Agriculture  
Commission of the European Communities

Mr Arthur Dunkel  
Director-General  
General Agreement on Tariffs and Trade

Mr Montague Yudelman  
Director, Agriculture and Rural Development Department  
The World Bank

Mr Thomas P Cunningham  
Chairman of the Board  
Chicago Board of Trade

Mr Robbin S Johnson  
Vice President  
Cargill Inc

Mr Mostafa S El-Khatib  
Commercial Counsellor  
Embassy of the Arab Republic of Egypt, Bonn  
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**Continued on Page 33**



## Continued on Page 34

**Continued on Page 3**

Sales figures are unaffected. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25% or more of the outstanding shares of a company is declared, the dividends are shown for the stock dividend only. Unless otherwise noted, ratios of dividends are annual adjustments based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. d-called "a new year's resolution." e-Canadian dividend. f-Canadian dividend declared in Canadian funds, subject to 15% non-residence tax. g-dividend declared after split-up or stock dividend. h-dividend declared after stock split. i-dividend declared after stock split and stock dividend. j-dividend declared after stock split and stock dividend. k-dividend declared after stock split and stock dividend. l-dividend declared after stock split and stock dividend. m-dividend declared after stock split and stock dividend. n-dividend declared after stock split and stock dividend. o-dividend declared after stock split and stock dividend. p-dividend declared after stock split and stock dividend. q-dividend declared after stock split and stock dividend. r-dividend declared after stock split and stock dividend. s-dividend declared after stock split and stock dividend. t-dividend declared after stock split and stock dividend. u-dividend declared after stock split and stock dividend. v-dividend declared after stock split and stock dividend. w-dividend declared after stock split and stock dividend. x-dividend declared after stock split and stock dividend. y-dividend declared after stock split and stock dividend. z-dividend declared after stock split and stock dividend.







## COMMODITIES AND AGRICULTURE

## EEC-U.S. to meet 'this month' on agricultural export subsidies

BY NANCY DUNNE IN WASHINGTON

MR PETER WALKER, the Agriculture, Fisheries and Food Minister, said yesterday that high level negotiations to avert a trade war between the EEC and the U.S. over agricultural export subsidies will begin some time this month.

Correspondence between Mr Walker and EEC Commission President, Mr George Shultz, the U.S. Secretary of State, has resulted in an agreement to hold talks at ministerial level. No date has been set.

"It would be an absurdity if the two great agricultural producers of the Western world went in for a dumping trade war. No one would benefit except the Soviet Union," he said.

Mr Walker said the talks will move from the "propaganda period" in which each side has stated its basic position, to in-depth discussions looking at

each individual commodity. There was no way the EEC would agree to phase out all export restitution over the next five years, as the U.S. has asked and no way the U.S. would agree to the creation of spheres of interest, as the EEC has suggested, he said.

"We have to look at each commodity. The problems of cereals are totally different from the problems of the dairy surplus, which are totally different. We have to look at them and calculate the current production levels, the current storage problems and world demand for each of them, to try to reach some sort of understanding."

He indicated that the EEC will make some concessions in the area of grain storage. He indicated that the EEC automatically made the U.S. the

storage place of the world but "there is no reason not to discuss the matter in which future storage will be operated."

Of deals like the U.S. sale to Egypt of wheat flour and other proposed subsidised sales, he warned: "If we get into the game of having the odd shot to show what a war would be like, the fact is that shots will come back and then you start the escalation of bad relationships."

Such U.S. actions would encourage European retaliation against American farm exports to the EEC.

The Department of Agriculture announced on Wednesday a \$200m (£152.3m) sale of grain and other agricultural products to Iraq under the blended credit programme, which subsidises credit. Mr Walker said the Europeans would be likely to favour the sale.

## Malaysia to buy Australian sugar

By Wong Sulong in Kuala Lumpur

MALAYSIA IS to buy 190,000 tonnes of raw sugar from Australia annually for three years, starting in 1985, under a contract to be signed soon. The price remains secret. Malaysia also has the option of taking another 50,000 tonnes yearly if the price quoted was lower than the prevailing market price.

The deal was announced by the Prime Minister, Mr Mahatma Mohd, after a visit to Australia. The deal was announced yesterday.

The deal is a significant change in the management of Harbors, which reported record profits in 1982. The amount paid for the take-over was not disclosed.

## Election results please French farmers

THE DEFEAT of the Left in France's municipal elections last Sunday pleased the farmers. I met at the Paris agricultural show and on a subsequent brief tour through the central farming regions.

But this "liberal" vote from socialism as one farmer rather exaggeratedly put it, was not translated either into attendance or business done on the first two days of the show. The Parisians who normally throng the halls on the Sunday had been too busy voting, and celebrating on Monday to put in an appearance, I was told.

The reasons for their absence may have been more prosaic. Admission prices have risen significantly over the past three years and exhibiting costs have been increased above the subsidised levels which used to be the main attraction. This extra cost may well have aggravated the fears of the stand-holders.

There is no doubt of the farmers' joy at the election results, which must be particularly frustrating to Madame Edith Cresson, the Agriculture Minister, in view of the very real efforts the Government has been making to improve the

lot of family-sized farmers and protect them against the pressures bearing down on small farmers in some other Community countries.

The main objection to socialism seemed to be the impact of a wealth tax and possible death duties. Most of my contacts talked of nothing else although they were not specific as to how much they were actually suffering, if at all.

There seems no doubt, though, that the threat of this

capital taxation has significantly reduced the value of farm land. This trend was already apparent in all but the very best farming areas and was a result of the very high level of taxation on the land market and its restriction on farm size.

However no one should take all this as meaning that French land can easily be bought by outsiders, either French or foreign. The restrictions remain and are supported by most farmers.

As an example, a compounder

told me that he had wished to expand his pig breeding unit to some 600 sows. As soon as the news spread, the existing pig breeders, mainly small men, made it known to him in no uncertain terms that this expansion would be blocked. As it is perfectly possible for this to be done legally he took the hint and cancelled the project.

The individual, too, is paramount in the show's famous food hall which I re-examined with particular interest in view

than for comparable French. The particular emphasis of those exhibiting in this section is to find customers for their wares apart from the wholesale and supermarket buyers. Some told me that their private customers renewed their orders annually, not just for wines but for hams, cheeses, confectionery and so on.

I could not find out just how much of their output went to the private sector, but they were certain that to have their own names on their products was a particular selling point.

The great lesson here, I thought was that producers were getting as close as they could to consumers—the end consumers—and in the French food trade apparently succeeding. Will Food From Britain encourage us to do the same?

And now, for those who want something entirely different: a small farm. It costs £800 and will hold 100 small snails, suitably fed, will produce 48 kilos of snails every year. The foundation stock can be found in any garden and there are no breeding problems because snails are bisexual, it is the world.

## Farmer's viewpoint: By John Cherrington

of the fanfare with which Food From Britain was launched in the Barbican.

Britain was conspicuous by being almost non-existent in this area except for two brave individuals.

The Shipway Brothers were doing a roaring trade in chops and steaks and Mr Carr Taylor from Sussex was presenting his white wine. He was quietly confident that the interest he had aroused would be translated into orders, although the price seemed to be rather higher

from Britain than was being offered in the Barbican.

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## Warning to beef farmers

BY RICHARD MOONEY

MANY BRITISH beef producers will have to improve their efficiency if they wish to remain in the black, the latest edition of the Meat and Livestock Commission's Beef Yearbook warns.

Figures in the book show that many producers would have been making losses in recent years if they had received average market prices. In most cases, reasonable profits have only been made possible by the EEC price support system.

But the commission does not expect this pattern to continue. "It is unlikely," it says, "that the EEC guide price—which determines the level of support—will keep pace with inflation, so there is no sign of improved profitability coming from support payments."

It says the real answer is for

producers to concentrate on improving the efficiency of their beef enterprises and to look for improvements in marketing. Better product and presentation, more consistent quality and vigorous promotion will all be necessary, the yearbook says.

It also contains a major section detailing results of different production systems, a chapter on choosing systems to suit individual farms and advice on the choice of breed types.

Figures in the book highlight the wide variation between the production efficiency of the best producers and the rest. The top third of producers averaged 3,000 kilos liveweight of beef per hectare against an average 1,400 kilos.

Beef Yearbook, from MLC, Box 44, Bletchley, MK2 2EF, £5.

## EC 'ready to raise subsidy'

PARIS—The European Community is ready to increase the export subsidy for flour to enable EC exporters to compete with the U.S. in the Egyptian market, the Egyptian agricultural ministry official said.

France seeks an increase in the current subsidy, set at 121 ECU per tonne, to enable French millers to bridge part of the gap between the world market price and the lower price at which the U.S. sold 1m tonnes of flour to Egypt in January, the official said.

In Strasbourg, the European Parliament called for price increases to the U.S. sale.

The parliament invited the Community executive commission to introduce a more dynamic export policy, Agence.

● THE SOUTH African weekly wool sale was postponed because of the Australian dollar devaluation.

● EC 1983-84 sugar plantings could fall 6.5 per cent to 1.72m hectares compared with the previous season, according to the French sugar market intervention board.

● ACCRA meteorological service says the Harmattan wind blamed for drying out West African crops will clear by March 20.

● TOTAL February volume of 4,547,841 contracts on the Chicago Board of Trade set a futures industry record for the month, up 20.3 per cent from February 1982.

● A SEMINAR on the European fruit juice industry is being organised by Canadian. It will be held in London on March 20-21.

● MUCH OF Britain's winter wheat is reported to be threatened by a new strain of brown rust. Plant pathologists fear the disease resistance of Avalon, Britain's main winter wheat variety, is threatened.

## Hungary quotas request

BY DAVID BUCHAN

HUNGARY HAS asked the EEC for better access for its beef and other agricultural exports to the Community, in what is a further sign of the Kadar Government's increasingly active trade diplomacy.

Hungary's discussions with Brussels stem from its request last autumn for compensation for one of its agricultural trading partners, Greece, joining the EEC.

It has been asked into specific Hungarian requests for quotas, in particular, for shipment of live cattle, beef and a special variety known as "hilton beef". Hungary runs the most successful farming sector inside

Comecon, and it now accounts for a quarter of its exports. But in spite of its success in selling goods to both the Soviet Union and Middle East for hard currency, Budapest is anxious to close its chronic trade deficit with the EEC by boosting farm exports.

EEC governments have yet to deliver a formal reply, but opposition is expected from France and Ireland. Hungary is discreetly trying to rally support from other EEC members, and this has been one purpose behind talks this week in London by Mr Josef Marjai, the Hungarian deputy prime minister.

## Pakistan hopeful on wheat

BY MOHAMMED AFTAB IN ISLAMABAD

THE Pakistan Government has estimated a record wheat production of 12m tonnes for 1983. Harvesting starts in three weeks.

The Agriculture Ministry said the crop increased only slightly beyond this estimate to 12.2m tonnes.

Of 11.6m tonnes of the 1982 crop, nearly 0.6m tonnes was lost as a result of unexpected rains which hit the standing crop just before harvesting.

Part of the crop was also damaged soon after the harvest because of the rains. The wheat available from the 1982 crop was, as a result, reduced to 11.0m tonnes.

The Agriculture Ministry attributed a bigger production in 1983 to a 3.48 per cent increase to 7.12m hectares in area under wheat plantings. It compares with 6.88m hectares under wheat in 1982.

The increase in area of quality seed, as well as larger application of chemical fertiliser and irrigation water, coupled with more farm credit than in previous years, and plenty of rain helped wheat production this year.

Pakistan now has a 1.5m tonne wheat reserve from the 1982 harvest. Last year, it exported 50,000 tonnes of wheat to Iran. This was the first time in recent years that Pakistan had exported wheat.

## PRICE CHANGES

In tonnes unless stated otherwise	Mar. 10 1983	+ or -	Month ago
Metals			
Aluminium	£10.00	+1.5	£11.50
Copper	£10.00	+1.5	£11.50
Lead	£10.00	+1.5	£11.50
Gold	£10.00	+1.5	£11.50
Platinum	£10.00	+1.5	£11.50
Silver	£10.00	+1.5	£11.50
Iron	£10.00	+1.5	£11.50
Steel	£10.00	+1.5	£11.50
Coal	£10.00	+1.5	£11.50
Oil	£10.00	+1.5	£11.50
Gas	£10.00	+1.5	£11.50
Wheat	£10.00	+1.5	£11.50
Barley	£10.00	+1.5	£11.50
Oats	£10.00	+1.5	£11.50
Rye	£10.00	+1.5	£11.50
Maize	£10.00	+1.5	£11.50
Soybeans	£10.00	+1.5	£11.50
Wheat	£10.00	+1.5	£11.50
Barley	£10.00	+1.5	£11.50
Oats	£10.00	+1.5	£11.50
Rye	£10.00	+1.5	£11.50
Maize	£10.00	+1.5	£11.50
Soybeans	£10.00	+1.5	£11.50

## BRITISH COMMODITY MARKETS

BASE METALS	Mar. 10 1983	+ or -	Month ago
Aluminium	£10.00	+1.5	£11.50
Copper	£10.00	+1.5	£11.50
Lead	£10.00	+1.5	£11.50
Gold	£10.00	+1.5	£11.50
Platinum	£10.00	+1.5	£11.50
Silver	£10.00	+1.5	£11.50
Iron	£10.00	+1.5	£11.50
Steel	£10.00	+1.5	£11.50
Coal	£10.00	+1.5	£11.50
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Barley	£10.00	+1.5	£11.50
Oats	£10.00	+1.5	£11.50
Rye	£10.00	+1.5	£11.50
Maize	£10.00	+1.5	£11.50
Soybeans	£10.00	+1.5	£11.50

## BASE METALS

BASE-METAL PRICES were little changed on the London Metal Exchange, excepting Tin and Nickel.	Mar. 10 1983	+ or -	Month ago
Aluminium	£10.00	+1.5	£11.50
Copper	£10.00	+1.5	£11.50
Lead	£10.00	+1.5	£11.50
Gold	£10.00	+1.5	£11.50
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Soybeans	£10.00	+1.5	£11.50
Wheat	£10.00	+1.5	£11.50
Barley	£10.00	+1.5	£11.50
Oats	£10.00	+1.5	£11.50
Rye	£10.00	+1.5	£11.50
Maize	£10.00	+1.5	£11.50
Soybeans	£10.00	+1.5	£11.50

## SILVER

LONDON—Turnover 173 (123) lots of 1000 oz. Mornings: Three months 50.0, 49.0, 48.0, 47.0, 46.0, 45.0, 44.0, 43.0, 42.0, 41.0, 40.0, 39.0, 38.0, 37.0, 36.0, 35.0, 34.0, 33.0, 32.0, 31.0, 30.0, 29.0, 28.0, 27.0, 26.0, 25.0, 24.0, 23.0, 22.0, 21.0, 20.0, 19.0, 18.0, 17.0, 16.0, 15.0, 14.0, 13.0, 12.0, 11.0, 10.0, 9.0, 8.0, 7.0, 6.0, 5.0, 4.0, 3.0, 2.0, 1.0, 0.0, -1.0, -2.0, -3.0, -4.0, -5.0, -6.0, -7.0, -8.0, -9.0, -10.0, -11.0, -12.0, -13.0, -14.0, -15.0, -16.0, -17.0, -18.0, -19.0, -20.0, -21.0, -22.0, -23.0, -24.0, -25.0, -26.0, -27.0, -28.0, -29.0, -30.0, -31.0, -32.0, -33.0, -34.0, -35.0, -36.0, -37.0, -38.0, -39.0, -40.0, -41.0, -42.0, -43.0, -44.0, -45.0, -46.0, -47.0, -48.0, -49.0, -50.0, -51.0, -52.0, -53.0, -54.0, -55.0, -56.0, -57.0, -58.0, -59.0, -60.0, -61.0, -62.0, -63.0, -64.0, -65.0, -66.0, -67.0, -68.0, -69.0, -70.0, -71.0, -72.0, -73.0, -74.0, -75.0, -76.0, -77.0, -78.0, -79.0, -80.0, -81.0, -82.0, -83.0, -84.0, -85.0, -86.0, -87.0, -88.0, -89.0, -90.0, -91.0, -92.0, -93.0, -94.0, -95.0, -96.0, -97.0, -98.0, 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## Continued

[illegible]

265	General Funds.....	364	...	8.25	0
245	Do. Conv. 10p....	358	...	—	—
81	Gen. Investors....	166	...	13.5	1.2
54	Gen. Swedish.....	84	...	3.1	1.8

103	Gen. Sec. Indus.	286	+3	4.2	1.0
77	Glasgow St Indus.	215		2.5	1.1
124	Globe Inv.	168	+1	2.5	1.1
104	Globe Inv.	135	+8	2.5	1.1
164	Greenbank Inv.	246		2.3	1.2
110	Gresham Hse.	243		4.0	2.2
91	Group Investors	179		3.3	1.3
79	Hartley	101		3.3	1.3
120	Hill (Philip)	178	+1	6.95	1.1
124	Independent Inv.	278		0.5	1.5
240	Inv. In Success	350		5.18	1.8
104	Inv. In Success	335		5.18	1.8
76	Japan Assets Ltd.	282			
58	Jersey Sec. HK55	102	+4	051.00	0
157	Marsden Sec. L.L.	102	+2	011.0	0

40	Jose Inv. Inc. 10p	51	+2	43	1.01
41	Do. Cap. 2p	7 $\frac{1}{2}$		—	
42	Korn Ind. 5p	75		0.20	2.3

12	192	Keystone Ins. 50p	258	10.0	1.1
2	128	Lake View Inc.	162	14.15	1.1
1	71	Lanc. & Lon. Ins.	91	2.86	0
2	71	Lead Debutene	100	0	0
1	617.5	Lead Sls. Res. 3p	41	4.8	0
2	36	Leeds Inc.	252	4.76	1.2
1	88	Lo. Cas. 50p	77	—	—
2	110	Lon. Atlantic	114	5.0	1.0
1	402	Lon. & Carl. 50p	196	1.5	—
2	100	Lon. & Lennor.	151	2.0	1.1
1	102	Lon. & Lloyds	158	4.0	1.1
2	70	Lon. Prudential	166	5.3	1.0
1	65	Lon. & S'cylde	97	12.2	1.0
2	230	London Trust	75	3.75	1.0
1	84	Lowland Inv.	132	4.8	1.1
2	230	M & C Dual Inc. 10p	302	21.75	1.0
1			318		

82	Do. 2nd Dual Inc. 10p	108		17.93	1.01
40	Do. Cap. 4p	540 <sub>2</sub>	+1 <sub>2</sub>	—	—
84	Normal Cap. 5 Tr 17	130		—	—

59	Metelium Inc.	112	3.75	1.1
89	Merchants Tst	135	4.15	1.0
49	Mho Wndt Inc.	74	61.7	1.0
69	Miles Invest.	58	2.4	1.0
53	Miner Cos Inc.	100	1.55	1.4
13	Do. Warrants	38	-	-
146	Missouri (Inv. Tst)	189	18.05	1.1
59	Moorelde Trust	106	55.5	1.0
65	Morgan Elec.	772	-	-
60	Do "B"	102	-	-
54	Murray Cyclesale	92	1.95	1.1
126	Do "B"	211	1.95	1.0
64	Murray Glenwood	185	1.95	1.0
	Murray Glenwood	185	1.95	1.0
	Do "B"	185	1.95	1.0

76	Murray Western ..	126	+2	27	0
72	Murray Western B..	122	+1	--	--
250	Negri S.A. SUSL	575		013g	--

61	New Asst. Inv. 50p.	78	1.25	1.2
206	New Court 50p.	288	-	13.13
18	New Dorset 40 Ysl.	8	0.26	1.0
192	New Dorset 40 Ysl.	299	-	1.2
14	Do. Cap. 41	246	-1	-
92	Do. New Writs.	25	-	-
124	New Tokyo Inv. 50p	162	-	1.0
105	1928 Invt.	139	4.75	1.6
126	North. Atlat.	131	-1	2.75
107	North. British. Canadian.	237	+3	5.1
115	North Sea Assets 50p	118	-	2.8
126	North. American	232	+2	5.0
111	Northwestern	232	-	5.0
71	Oil & Assoc. Inv.	81	+1	13.85
58	Outwch Inv.	84	-1	12.25

150	Pearland Inv.....	271	...	+6.85	0
59	Precious Metals Tr.	120	+2	0.5	1.2
123	RIT & Northern..	199	+2	6.6	1.8

20	Do. Warrants	76			1.0
143	Rachert	22	+1	7.9	
144	Rocky M. Cap.	62		49.1	
123	Rivers & Merc.	620		8.5	1.0
127	River Plate Def.	340		6.0	
141	Robaco Ref. F150	164		1.0	1.0
142	Robaco Ref. F150	164		1.0	1.0
143	Robaco Ref. F150	164		1.0	1.0
144	Robaco Ref. F150	164		1.0	1.0
145	Robaco Ref. F150	164		1.0	1.0
146	Robaco Ref. F150	164		1.0	1.0
147	Robaco Ref. F150	164		1.0	1.0
148	Robaco Ref. F150	164		1.0	1.0
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367	Robaco Ref. F150	164		1.0	1.0
368	Robaco Ref. F150	164		1.0	1.0
369	Robaco Ref. F150	164		1.0	1.0
370	Robaco Ref. F1				

124	SCOTTISH INS.	184	+3	47	1.08
164	Scot & Merc A.	226		16.9	1.08
149	Scot. Marl. & Tsl.	239	+3	5.3	1.04
95	Scot. National	105	+1	3.65	1.08

85	Scott, Northern	118	+1	3.58	1.0
79	Scott, Ontario	124	+1	1.33	1.0
46	Scott, Utd. Inv.	67d	+1	1.47	1.0
226	Sec. Alliance Trst.	39d	+2	13.0	1.0
226	Sec. Alliance Trst.	34d	+1	0.7	1.0
580	Shelco Ind. pps	80d	0.0	0.25c	1.0
120	Shirah Inv. 50p	147	11.8	0.91	1.0
149	SPLIT Inc. 10p	281	15.2	1.0	1.0
86	SPLIT Cap. 10p	134	+1	0.4	1.3
149	St. Lawrence	147	+1	0.4	1.3
84	Stoddard Fr East St.	112	0.1c	0	2
126	Stockholders Inv.	198	+2	3.85	1.0
90	TR Austin Trust	137	+1	3.5	1.1
72	Trinity City of London Trst.	248	+1	65.0	1.1
100	Trinity Corp.	107	-1	0.1	1.1

144	TR Natural Resources	199	+2	16.78	1.0
68	TR North America	138	+3	13.13	1.0
92	TR Pacific Basin	159		12.20	1.0

71	TR Prop. Inv. Tst.	183	+1.2	M2.2	1.1
75	TR Technology	128	+1.2	3.3	1.1
77	TR Trustees, Corp.	89	+1.2	3.0	1.1
82	TR Trustees, Corp.	72nd	+1.2	1.0	1.1
86	Throg. Growth	380-1st	+1.2	2.6	1.1
120	Do. Cap. £1	194	+2		
187	Thermostoration	151st	+1	6.5	0
101	To. Invest. Inc.	145nd	+1	9.8	0.8
104	To. Invest. Inc.	21st	+1	0.8	0.8
173	Trans. Ocean	127	+1	2.5	0.9
191	Trans. Ocean	144	+1	3.4	1.2
602	Trans. Invest.	74th	+1	17.38	1.8
510	Trans. Invest.	68th	+2		
332	Do. Capital £1	US 135	+2	16.7	1.0
59	Viking Resources	62	+2	0.8	1.2

77	W. Cal. & Texas 10p	129nd	+2	1.45	0	1
345	Wernysss Imr. £1 ..	430	....	20.0	8.9	6
38	Winterbottom Sp.	50	... ..	0.65	1.0	1

1922/23	Law	Stock	Price	±	Wt.	Div.	Ytd	P/1
152		Atkins Home .....	347	+2	53.63	3.0	2.57	4.7
160		Akroyd Smother .....	419	.....	15.0	3.0	6.12	4.7
161		Development Fin. Ins. ....	34	.....	.....	.....	.....	59.4
51		Armstrong Fin. Co. ....	54	-1	3.0	0.0	7.9	4.7
52		Do. 5% Com Pri 11 .....	180	.....	05%	0.0	7.9	4.7

30	Argyle Trust.....	43	.....	—	—	—	—
54	Asian Trading B 10p..	68	.....	1.5	0.7	3.2	7.4
52	Authority Inv. 20p.	67	.....	—	—	—	—

[illegible]

16	Kellogg Sp	31	0.43	1.3	20.55
14	Do. Conv Pfr Sp	22	-1 0.43	1.3	29.38
95	Kellogg Taylor 10a	160	11.6	1.5	9.8 9

	14	15	1.0	1.1	9.5	14.4
	For Lamont	Hdb. sec	Industries			
1642	London Ind. So.	35	+1	11.3	2.1	4.1
1643	Lowell Lachart	32	+1	11.3	2.1	4.1
1644	Do. Dred.	32	+1	11.3	2.1	4.1
1645	In Tiedtman 2006	32	+1	11.3	2.1	4.1
1646	W. & G. Ground	32	+1	11.3	2.1	4.1
1647	Do. Dred.	32	+1	11.3	2.1	4.1
1648	Marine Corp. Corp.	190	+20	10.95	2.9	3.9
1649	Martin (R.P.) Inc.	190	+20	10.95	2.9	3.9
1650	Mercantile House	1200	+15	10.8	1.0	1.0
1651	Do. Dred.	1200	+15	10.8	1.0	1.0
1652	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1653	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1654	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1655	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1656	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1657	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1658	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1659	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1660	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1661	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1662	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1663	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1664	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1665	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1666	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1667	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1668	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1669	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1670	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1671	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1672	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1673	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1674	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1675	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1676	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1677	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1678	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1679	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1680	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1681	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1682	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1683	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1684	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1685	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1686	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1687	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1688	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1689	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1690	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1691	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1692	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1693	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1694	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1695	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1696	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1697	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1698	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1699	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0
1700	West. Trans. Tr. Co.	1200	+15	10.8	1.0	1.0

217	Wheatst. 1981 5th.	604	+10	Q14c	6	1.6	6
19	Oceanic Corp. Inv.	63	...	n0.75	3.0	1.7	27.
17	Paranbe 10p ..	31	+1	+0.7	1.3	3.2	33.

\$1.92	Park Place Inv	186	0.50	1.9	3.18
\$1.72	Soc Sec Pkg Ind Pri	185	.....	.....	.....
\$1.60	Stamps & Bonds Trs	185	+1	0.0000	8.0
\$1.64	S E L&P&G Ann.	175	.....	0.04%	5.7
180	Smith Bros	48	+1	to L0	3.0
180	Tokio S&J	.....	.....	1.14	2.27
74	Ute Carbon Inc	170	.....	0.26	0.7
27	Westwood Inc	40	.....	1.6	4.1
27	Vermilion Inc Sp	59	+3	.....	.....
30	Vermilion Ind	58	.....	0.53	2.8
40	Yule Carbo Ltd	118	+5	7.5	3.0

66	1: Air Oil Fld 20p	70	1	23	26	24
40	Amval Pet 20p...	42	+2	-	-	-
9	1: Air Energy 20p	12	-	-	-	20
10	1: Air Energy 20p	115	-	-	-	-

30	Atlanta, Res. Inc.	88	-2	-	-	-	-
85	2-Berkley Exp'n	33	+	-	-	-	-
37	Brandon F.I.	65	-	1.0	-	2.2	-
210	Bent Cornpro 10p	248	+5	12.8	13	7.4	15
130	Qtr-Cen. Res. C510	185	+15	-	-	8	-
258	Bent Petroleum	326	+12	20.25	20	8.9	65
56	Do 8 <sup>th</sup> Ph. F.I.	75	-	5.6 <sup>1/2</sup>	-	10.7	-
41	Bent 10p p.p.	49	+3	64.9	1.8	8.6	9

Central African

21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	123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Winefields E of 25c	5	—	—
Newmarket 20c	29	+1	—
North B Hill 50c	136	-2	906c 13

[illegible]

Featuring SMI1.....	500	....	wh018c	2.5
Singer Best SMI1..	205	....	wh018c	0.6
PSupreme Corp MS1	45	...	wh031c	0
.....3.5c	100		wh031c	0

[illegible]

half-yearly figures. P/Es are calculated on 1995-96 earnings per share being computed on profit unlevered ACT where applicable; bracketed figures are on more differentials calculated on

[illegible]

Figures based on prospectus or other official estimate. Dividend rate paid or payable on part of capital, based on full capital. a Redemption yield. f Flat yield.

[illegible]

IRISH			
49	.....	Exch. 15pc 1983...	(100%)
17d	.....	M- 91-94 8/100	50%

1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	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13	Playway	50	Charterhall
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673	244	600	
674	245	601	



## CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar weakens amid EMS uncertainty

The dollar lost ground yesterday as funds were attracted towards the stronger members of the European Monetary System ahead of the weekend and any possible realignment. The D-mark and the Dutch guilder were the principal beneficiaries.

Sterling was firmer overall, helped by hopes of an early agreement to the current Opec talks.

Most EMS currencies were trading around their lowest permitted levels against the D-mark, the notable exception being the Dutch guilder.

**DOLLAR** — Trade weighted index (Bank of England) 120.8 against 122.2 six months ago. The dollar has shown renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies.

U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and balance of payments deficit.

The dollar closed at DM 2.3915 from DM 2.4070 and SwFr 2.05 against SwFr 2.0610. It was also weaker against the yen at ¥237.0 from ¥237.50 but rose against the French franc to FF 6.64 from FF 6.675.

**STERLING** — Trading range against the dollar in 1982-83 is

1.9265 to 1.5005. February average 1.5735. Trade weighted index 79.8 against 79.7 at noon and 79.8 in the morning and compared with 79.5 on Wednesday and 91.7 six months ago. Sterling remains weak and vulnerable because of uncertainty about world oil prices. The London Opec conference has proved particularly unsettling. Falling inflation, a decreasing budget deficit and good trade figures with recently have tended to be ignored.

Sterling traded between \$1.5040 and \$1.5155 against the dollar before closing at \$1.5115-1.5125, a rise of 1.05¢. It was also higher against the D-mark at DM 3.6175 from DM 3.6150 and SwFr 3.1025 compared with SwFr 3.0950. Against the yen it improved to ¥235.1 from ¥237 and FF 6.64 compared with FF 6.675.

**D-MARK** — Trading range

against the dollar in 1982-83 is 2.4940 to 2.2410. February average 2.4290. Trade-weighted index 130.7 against 125.1 six months ago. A right wing victory in West Germany's general election was largely anticipated by the market, and emphasis is now switching to hopes of lower German interest rates, and increased strains in the EMS as pressure grows on the weaker members.

Several EMS currencies touched their lowest permitted levels against the D-mark in Frankfurt yesterday. The Danish krone fell to its floor of DM 27.75, the French franc to DM 47.75, at the fixing, while the Belgian franc remained pinned to its floor of DM 50.740 per 100 francs. The Irish punt touched the minimum allowed DM 3.3020, but was fixed slightly firmer at DM 3.3060, compared with DM 3.3130. Outside

the EMS the dollar fell to DM 2.3932 from DM 2.4090, and sterling to DM 3.6120 from DM 3.6220.

**FRENCH FRANC** — Trading range against the dollar in 1982-83 is 7.3250 to 5.8950. February average 6.8791. Trade-weighted index 74.1 against 72.5 six months ago. The French franc has come under increased pressure within the EMS since the result of the West German election. It is now supported by extremely high Eurocurrency interest rates, making speculation against the currency prohibitively expensive, but remains at or near its lowest permitted level against the D-mark, increasing expectations of a devaluation once the French ministerial elections are out of the way.

The Bank of France sold a substantial amount of D-marks when the German currency was fixed at FF 2.3660 in Paris, compared with FF 2.5450 on 19/2, thereby, very close to its EMS ceiling of FF 2.5855. Latest figures show a currency outflow of FF 30n from the French foreign exchange reserves in the week ending March 3. The franc was very weak against other major currencies at yesterday's Paris fixing, with the dollar rising to FF 6.675 from FF 6.65, and sterling improving to FF 10.4430 from FF 10.3150.

## EMS EUROPEAN CURRENCY UNIT RATES

	ECU	Current	Change	% change	Divergence
	amount	March 10	from	from	limit
Belgian Franc	44.4704	44.4704	-0.77	+1.05	+1.5801
Danish Krone	2.32400	2.32400	-0.83	+0.89	+1.5430
French Franc	2.32779	2.32779	-2.88	+1.16	+1.5430
German D-Mark	6.31357	6.31357	-1.12	+0.70	+1.3940
Dutch Guilder	2.35771	2.35771	-2.73	+0.91	+1.5044
Irish Punt	0.68700	0.68700	-0.07	+0.77	+1.5139
Italian Lira	1360.27	1360.27	+0.03	+0.77	+1.5139

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## OTHER CURRENCIES

Mar. 10	£	\$	Notes
Argentina Peso	98.878	99.072	55.55-55.55
Australian Dollar	1.740	1.740	75.15-75.15
Brazil Cruzeiro	604.51	599.51	394.06-394.06
Canadian Dollar	0.76	0.76	12.97-12.97
Chinese Yuan	2.146	2.146	10.60-10.60
Greek Drachma	124.11	127.456	83.40-83.40
Hong Kong Dollar	9.987	9.996	6.510-6.510
Indian Rupee	126.90	126.90	84.50-84.50
Japanese Yen	237.50	237.50	10.10-10.10
Kuwait Dinar	0.442	0.442	0.2925-0.2925
Malaysian Ringgit	2.125	2.125	1.14-1.14
Maltese Lira	2.460	2.460	1.22-1.22
New Zealand Dollar	2.305	2.310	1.272-1.272
North Arab. Riyal	2.005	2.005	1.272-1.272
Portuguese Escudo	200.484	200.484	1.272-1.272
Singapore Dollar	1.365	1.370	0.7075-0.7075
South African Rand	1.644	1.644	1.0675-1.0675
U.S. Dollar	1.000	1.000	1.00-1.00

\* Selling rates

## THE POUND SPOT AND FORWARD

March 10	Day's spread	Close	One month	% Three months	% p.a.
U.S.	1.5000-1.5125	1.5115-1.5125	0.23-0.24c	pm	1.84
Canada	1.3800-1.3950	1.3850-1.3950	0.30-0.30c	pm	1.81
Norway	1.3800-1.3950	1.3850-1.3950	0.30-0.30c	pm	1.81
Belgium	1.0900-1.1000	1.0950-1.1000	10-12c	dis	-3.54
Denmark	12.80-13.00	12.90-13.00	10-12c	dis	-3.54
Ireland	1.0000-1.0100	1.0050-1.0100	10-12c	dis	-3.54
W. Ger.	1.30-1.34	1.31-1.32	2-10c	dis	-3.54
Portugal	130.75-143.25	131.75-143.25	70-100c	dis	-3.54
Spain	168.25-178.25	169.25-178.25	70-100c	dis	-3.54
Italy	2.125-2.155	2.132-2.155	35-50c	dis	-3.54
Norway	10.77-10.78	10.77-10.78	10-12c	dis	-3.54
France	1.20-1.21	1.20-1.21	10-12c	dis	-3.54
Sweden	11.22-11.27	11.25-11.27	10-12c	dis	-3.54
Japan	237.50-237.50	237.50-237.50	10-12c	dis	-3.54
Austria	25.30-25.35	25.30-25.35	10-12c	dis	-3.54
Switzerland	2.00-2.01	2.00-2.01	10-12c	dis	-3.54

Belgian rate is for convertible francs. Financial franc 50.20-50.30. Sum-month forward dollar 0.93-0.94c, 12-month 1.55-1.40c.

## EXCHANGE CROSS RATES

Mar. 9	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
1	1.512	0.691	1.512	2.391	1.049	0.103	4.008	2154	1.365	71.20
1	0.661	1.000	0.661	2.391	1.049	0.103	4.008	2154	1.365	71.20
1	0.661	1.000	0.661	2.391	1.049	0.103	4.008	2154	1.365	71.20

## MONEY MARKETS

## UK interest rates start to ease

UK interest rates showed a softer trend yesterday. Hopes of an early agreement in the current Opec talks tended to underpin sterling and helped to improve market confidence. Longer term rates lost ground as did rates at the shorter end, giving rise to increased hopes of early cut in clearing banks base rates. However, much will depend on next week's UK Budget.

The Bank forecast a shortage of around £400m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills - £275m and the unwinding of previous sale and repurchase agreements - £55m. On the other hand Exchequer transactions added £70m to the system. The Bank gave assistance in the morning £425m, comprising purchases of £44m of eligible bank bills in hand 1 (up to 14 days) at 11 per cent; £51m in hand 2 (15-30 days) at 11 per cent. It also arranged sale and repurchase agreements on £30m of bills at 11 per cent, unwinding on April 6.

The forecast was later revised to a shortage of £450m before taking into account the morning's operations and the Bank gave no further assistance in the afternoon.

Overnight interbank money opened at 11-11½ per cent and eased to 11 per cent before reaching a peak of 12 per cent. Later balances were taken down to 10 per cent. Three-month sterling certificates of deposit

## LONDON MONEY RATES

Mar. 10	Sterling	Local	Local	Finance	Compt.	Discount	Eligible	Prime
	Certificates of deposit	Authority	Authority	House	Deposits	Deposits	Deposits	Rate
Overnight	10-12	11½	11½	11½	11½	11½	11½	11½
7 days notice	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½
14 days notice	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½
28 days notice	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½	11½-12½
3 months	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½
6 months	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½
9 months	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½
12 months	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½	10½-11½

## ECU Fixed Rate Export Finance Scheme

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgages are buying rates for 11½ per cent, four years 11½ per cent, five years 11½ per cent, 10 years 11½ per cent. Bank bill rates in table are buying rates for 10½ per cent, 12½ per cent, 15½ per cent, 18½ per cent, 21½ per cent, 24½ per cent, 27½ per cent, 30½ per cent, 33½ per cent, 36½ per cent, 39½ per cent, 42½ per cent, 45½ per cent, 48½ per cent, 51½ per cent, 54½ per cent, 57½ per cent, 60½ per cent, 63½ per cent, 66½ per cent, 69½ per cent, 72½ per cent, 75½ per cent, 78½ per cent, 81½ per cent, 84½ per cent, 87½ per cent, 90½ per cent, 93½ per cent, 96½ per cent, 99½ per cent, 102½ per cent, 105½ per cent, 108½ per cent, 111½ per cent, 114½ per cent, 117½ per cent, 120½ per cent, 123½ per cent, 126½ per cent, 129½ per cent, 132½ per cent, 135½ per cent, 138½ per cent, 141½ per cent, 144½ per cent, 147½ per cent, 150½ per cent, 153½ per cent, 156½ per cent, 159½ per cent, 162½ per cent, 165½ per cent, 168½ per cent, 171½ per cent, 174½ per cent, 177½ per cent, 180½ per cent, 183½ per cent, 186½ per cent, 189½ per cent, 192½ per cent, 195½ per cent, 198½ per cent, 201½ per cent, 204½ per 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per cent, 408½ per cent, 411½ per cent, 414½ per cent, 417½ per cent, 420½ per cent, 423½ per cent, 426½ per cent, 429½ per cent, 432½ per cent, 435½ per cent, 438½ per cent, 441½ per cent, 444½ per cent, 447½ per cent, 450½ per cent, 453½ per cent, 456½ per cent, 459½ per cent, 462½ per cent, 465½ per cent, 468½ per cent, 471½ per cent, 474½ per cent, 477½ per cent, 480½ per cent, 483½ per cent, 486½ per cent, 489½ per cent, 492½ per cent, 495½ per cent, 498½ per cent, 501½ per cent, 504½ per cent, 507½ per cent, 510½ per cent, 513½ per cent, 516½ per cent, 519½ per cent, 522½ per cent, 525½ per cent, 528½ per cent, 531½ per cent, 534½ per cent, 537½ per cent, 540½ per cent, 543½ per cent, 546½ per cent, 549½ per cent, 552½ per cent, 555½ per cent, 558½ per cent, 561½ per cent, 564½ per cent, 567½ per cent, 570½ per cent, 573½ per cent, 576½ per cent, 579½ per cent, 582½ per cent, 585½ per cent, 588½ per cent, 591½ per cent, 594½ per cent, 597½ per cent, 600½ per cent, 603½ per cent, 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1566½ per cent, 1569½ per cent, 1572½ per cent, 1575½ per cent, 1578½ per cent, 1581½ per cent, 1584½ per cent, 1587½ per cent, 1590½ per cent, 1593½ per cent, 1596½ per cent, 1599½ per cent, 1602½ per cent, 1605½ per cent, 1608½ per cent, 1611½ per cent, 1614½ per cent, 1617½ per cent, 1620½ per cent, 1623½ per cent, 1626½ per cent, 1629½ per cent, 1632½ per cent, 1635½ per cent, 1638½ per cent, 1641½ per cent, 1644½ per cent, 1647½ per cent, 1650½ per cent, 1653½ per cent, 1656½ per cent, 1659½ per cent, 1662½ per cent, 1665½ per cent, 1668½ per cent, 1671½ per cent, 1674½ per cent, 1677½ per cent, 1680½ per cent, 1683½ per cent, 1686½ per cent, 1689½ per cent, 1692½ per cent, 1695½ per cent, 1698½ per cent, 1701½ per cent, 1704½ per cent, 1707½ per cent, 1710½ per cent, 1713½ per cent, 1716½ per cent, 1719½ per cent, 1722½ per cent, 1725½ per cent, 1728½ per cent, 1731½ per cent, 1734½ per cent, 1737½ per cent, 1740½ per cent, 1743½ per cent, 1746½ per cent, 1749½ per cent, 1752½ per cent, 1755½ per cent, 1758½ per cent, 1761½ per cent, 1764½ per cent, 1767½ per cent, 1770½ per cent, 1773½ per cent, 1776½ per cent, 1779½ per cent, 1782½ per cent, 1785½ per cent, 1788½ per cent, 1791½ per cent, 1794½ per cent, 1797½ per cent, 1800½ per cent, 1803½ per cent, 1806½ per cent, 1809½ per cent, 1812½ per cent, 1815½ per cent, 1818½ per cent, 1821½ per cent, 1824½ per cent, 1827½ per cent, 1830½ per cent, 1833½ per cent, 1836½ per cent, 1839½ per cent, 1842½ per cent, 1845½ per cent, 1848½ per cent, 1851½ per cent, 1854½ per cent, 1857½ per cent,